

NEWS: EUROPE

Public sector deficit more than 3% of GDP last year, says Waigel

Germany 'failed Maastricht test'

By Judy Dempsey in Wildbad Kreuth

Mr Theo Waigel, the German finance minister, yesterday said Germany failed last year to meet the Maastricht treaty criterion for reducing the public sector deficit to below 3 per cent of GDP...

The CSU leader's remarks challenged estimates published earlier this week by the Cologne-based Institute of the German Economy (IWF) which had confidently predicted that Germany's public sector deficit for 1995 would amount to 2.9 per cent of GDP.

blamed the states and municipalities, as well as the deficit of the social security network. Mr Waigel's comments were a veiled attack on the opposition Social Democrats, who are in power in the majority of the 16 states and in the large cities and towns.

and next - "the deciding years". Mr Waigel's comments coincide with growing concern in the government about rising unemployment. This could put a brake on economic growth for the coming year and possibly make it even more difficult for the government to keep the budget deficit within the Maastricht criterion.

Dini call to avoid power vacuum

By Andrew Hill in Milan

Mr Lamberto Dini, the Italian prime minister, last night urged the Italian parliament not to plunge the country into a government crisis.

EUROPEAN NEWS DIGEST

Andreotti faces Mafia accuser

Mr Giulio Andreotti, seven times Italy's prime minister, yesterday came face to face for the first time with the informer who has accused him of having links with the Mafia.

Lithuania's bank chief may quit

Mr Kazys Rukševičius, the governor of Lithuania's central bank, offered to resign yesterday over a banking crisis that has shaken the Baltic state's fragile market economy.

Bayer faces Ecu fine Brussels fine

Bayer, the German pharmaceutical company, is expected to be fined more than Ecu1.2m in an anti-trust decision to be approved by European commissioners today.

Swiss companies look abroad

Swiss companies invested a record Sfr15.1bn (\$13bn) abroad in 1994, continuing a recent trend to shift research, development and production bases to less expensive and more creative locations than Switzerland.

Germany may merge coal mines

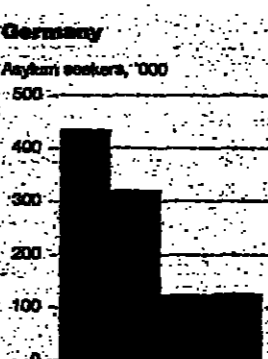
The German government is considering proposals to fuse the country's two biggest coal mining companies, Ruhrkohle and the state-owned Saarbergwerke, as part of an effort to streamline production of coal which already costs DM200 (\$188) a tonne more than imported coal, according to government officials and industry executives.

German who sold freedom fined

Mr Wolfgang Vogel, the former communist East German official who helped more than 280,000 people to escape to the west, was yesterday given a two-year suspended prison sentence and fined DM22,000 (\$84,000) for blackmailing at least four of the people he assisted.

Bonn concern at asylum seekers

The number of foreigners seeking political asylum in Germany was barely changed last year compared with 1994, but the interior minister said the total number of people applying was still too high.



Old foe of west is new Russian foreign minister

By John Thornhill in Moscow and Bruce Clark in London

President Boris Yeltsin yesterday startled the diplomatic world by appointing as foreign minister Mr Yevgeny Primakov, Moscow's chief spy-master and an old friend of some of the more radical regimes of the Middle East.

loudly about the activities of western intelligence services in the former Soviet Union - and to judge by the steady trickle of Russian diplomats who have been expelled from western capitals since the Soviet collapse, the feeling of suspicion is entirely mutual.

SVR takes considerable pride in its role as joint heir to the KGB. Mr Primakov's appointment would appear to be at odds with Mr Yeltsin's reassurance that there would be no radical change of foreign policy following Mr Kosyrev's departure.



Yevgeny Primakov: openly sceptical of western intentions. News, which is well informed on Russian foreign policy, portrayed him as a born survivor who had transformed himself masterfully to meet the political needs of the time.

This is a dramatic sign of an anti-western turn in Russian policy, said Mr Peter Rodman, a former senior US official.

While he favours co-operation with the west over such issues as crime and non-proliferation, Mr Primakov said last month that Russia's security services should aim to "prevent the creation of a unipolar world" - a thinly veiled call to stop the US consolidating its position as the sole superpower.

His appointment is certainly likely to delight Russian nationalists who have condemned foreign policy for being too pro-western.

Bildt 'working on a shoestring' in Bosnia

By Lionel Barber in Brussels

Mr Carl Bildt, the civilian co-ordinator in Bosnia, yesterday rejected charges that he had made a sluggish start, saying he was running a shoestring operation in Sarajevo, a city more divided than Berlin during the cold war.

rather than relying on Nato or the EU to impose a settlement. In his own defence, Mr Bildt said he was putting together an operation from scratch, having been barred from taking over existing UN facilities, including office space and telephone lines.

Mr Mate Granic, foreign minister of Croatia, is today due to meet President Slobodan Milosevic of Serbia in what is the highest ranking visit by a Croatian official since war broke out in 1991, writes Laura Silber in Belgrade.

His trip comes after the UN Security Council condemned Croatia for human rights abuses against its Serb citizens. Since Croatia last August crushed its rebel Serb state in the Krajina, the Security Council said Serbs had been the victims of atrocities and murders.

with funds for his mission. Likely to be around 45 to 50 people in Sarajevo with support staff in Brussels.

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Wooing voters by telling the bad news first

Spain's opposition leader Aznar promises years of austerity and self-discipline, writes David White

Several years of austerity and self-discipline would seem a dull offering for an opposition leader to make to voters for his party's first ever stint in national government. But Mr José María Aznar, the 42-year-old leader of Spain's centre-right, is adamant.

that the financial markets, already warning to the prospect of a change of government, are likely to punish a new administration if it does not take early measures to prove its seriousness about meeting the economic convergence targets for the European single currency.

Mr Aznar's ready-made answer betrays just how unsettling the French precedent has been for the PP. The two countries are very different, he insists. Spain does not have the problems France has in coming to terms with a united Germany; and there is no "civil war" between different centre-right factions.

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José María Aznar: tackling budget deficit comes first

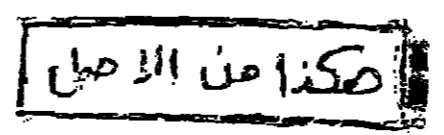
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Mr Aznar, the prime minister, and other UK ministers, left no doubt about what he saw as his first and most important job - to tackle the budget deficit.

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Assassin kills leading Turkish businessman

By John Barham in Ankara

Mr Ozdemir Sabanci, one of Turkey's wealthiest businessmen, was shot dead yesterday by a lone gunman who penetrated tight security at his company's headquarters in Istanbul.

The killing shocked the Turkish business community. Mr Sabanci's murder revived memories of extremist violence in Turkey in the late 1970s. Although several urban terrorist groups claimed responsibility for the killing, many in the Istanbul business world believe the killer was a professional assassin and that Mr Sabanci's murder may have been related to his business activities.

One of his colleagues said: "Ozdemir, an associate and a secretary were killed with the silenced gun in a room next door to the boardroom where other members of the family were in a meeting. If it really was political, why not kill the whole family?"

The Sabanci family owns Turkey's second largest business group, Sabanci Holding, with interests that range from textiles to banking and cars. Mr Sabanci, son of the conglomerate's founder, was a retiring figure who was consid-

President Sileyman Demirel yesterday formally asked the leader of the radical Islamic Refah party to form Turkey's next government, writes John Barham.

Although Mr Necmettin Erbakan, the party's leader, now has 45 days in which to find a coalition partner, analysts doubt that he will be successful. Refah won 158 seats in the 550-member parliament in elections last month, more than any other party but still far short of a majority.

The leaders of the other four parties in parliament have said they will not work with Mr Erbakan, despite speculation that the conservative Motherland party would enter a coalition. If Refah fails to form a government, Mr Demirel is expected to attempt to broker a coalition led by the True Path party of outgoing prime minister Tansu Ciller.

ered the family's industrial mastermind. He set up a joint venture with Toyota of Japan to build Corolla cars in Turkey. A \$325m automobile plant was established near Istanbul in 1990 - the biggest single Japanese investment in Turkey.

The death of Mr Sabanci immediately led to tightened security at corporate headquarters all over Istanbul, Turkey's business capital, where the fear of terrorist attacks has always been strong.

However, gangland killings of business figures have also become more common. Last month Mr Ismail Yener Kaya, a financier and candidate in the general elections, was burnt to death in his car. In November Mr Nesim Malki, a

textile magnate and financier was shot dead. Yet neither enjoyed Mr Sabanci's stature in the business world and his death has further battered the election victory of the fundamentalist Refah party in the December elections.

As news of his death spread around the city's business district, the corporate world's already sombre mood deepened further.

One European banker said: "Everybody in business is frightened stiff of Refah. Now this assassination only makes the mood worse. The country is rudderless, with no direction. Nobody wants to take any decisions, markets are dead in the water."

New sell-off fever grips Slovaks

The Slovak government is due this month to publish details of a promised bond issue to compensate investors in an abandoned mass privatisation programme.

About 3.5m Slovaks bought coupons in 1994 in the hope of participating in a round of mass privatisation. But it was cancelled by prime minister Vladimir Meciar after he took office just over a year ago.

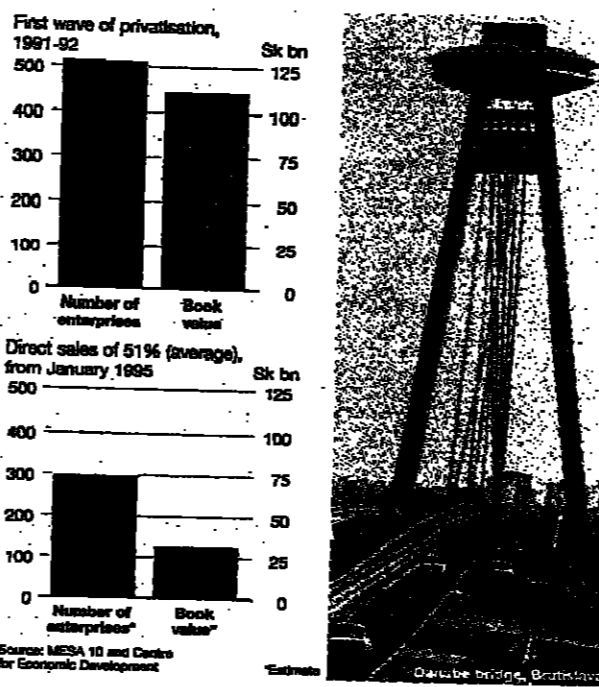
They paid a small sum for coupons they had hoped to exchange for shares in \$660bn (\$2bn) worth of state industries, such as gas and electricity distribution companies. Instead, each coupon holder will get a nominal \$10,000 bond backed by assets of the National Property Fund (NPF), a state holding company.

The bonds may be used for such purposes as paying for an apartment or contributing to a private pension scheme, and are likely to be transferable. The government has yet to spell out precisely how the issue will be structured.

The cancellation of the mass privatisation programme attracted much criticism, but this has been dampened down by the generous compensation.

Moreover, those who feared sell-offs would be abandoned altogether have been proved wrong. Adoption of "standard methods" of privatisation has quickened the pace, with hun-

Slovakia: privatisation to date



dreds of sell-offs in the second half of 1995 at an estimated book value of \$1bn. These range from small factories to a 39 per cent stake in the petrochemical group Slovnaft.

Most sales have been made to management and workers at the enterprises involved. About 85 per cent of gross domestic product is now gener-

ated by the private sector, and Slovakia is set to record 6 per cent growth in 1996, second highest in east Europe's emerging markets after Albania.

Yet the current round of privatisation fever has attracted criticism. Some assets have been sold at knock-down prices and buyers have 10 years to pay. The fear is that company

cash flow will be diverted as dividends to the new owners so they can meet payments to the NPF. "The company is paying for its own acquisition in the end," said Mr Jean-Christophe Ganz, manager of ING Bank in Bratislava.

Another criticism is that if an enterprise is deemed important enough, an ambiguous law on strategic enterprises enables the state to retain a golden share that allows it to wield influence after the stake has been sold.

Most contentiously, critics say assets are sold only to those deemed loyal to Mr Meciar's Movement for a Democratic Slovakia. Scores of company bosses were replaced last year by allies of the government before the sales.

Mr Eugen Jurzyca of the Centre for Economic Development, a think tank, said he doubted the wisdom of what he termed "family-circle privatisation". Selling companies on the cheap threw away money that could be used for social spending and the relief of bad debts. It also promoted inequality, he said, by concentrating potentially valuable assets among a narrow group who could then sell them on at great profit.

Mr Meciar defends the government's approach to reducing state ownership: "Various lobbies say our methods are undemocratic. We think they are necessary and inevitable."

The aim was to create a native entrepreneurial and managerial class, which Slovakia lacks. He cancelled the mass privatisation process because it could have led to foreign companies buying up large parts of Slovak industry.

Economists also play down the political dimension of privatisation. For the National Bank of Slovakia the important thing was that it was continuing, said Ms Elena Kohutikova, head of the central bank's monetary policy unit.

The main disadvantage of selling state assets to employees is that it does not introduce new capital to cash-starved enterprises. This raises the question of how the cost of the bond issue will be met. The bonds are due to mature in 2001, requiring the NPF to have up to \$3.5bn available to pay out. Meantime, there is interest based on the discount rate (currently 9.75 per cent).

Although not all holders are expected to retain the bonds to maturity, economists warn the scheme could cost \$500m.

Another question is how industry will be restructured. Foreign investment is one solution, and observers such as Mr Jurzyca expect a push to attract it next year. This would be a government *rota face* but one Mr Meciar might be pragmatic enough to pull off.

Vincent Boland

France outlines plan to reform telecom sector

By Andrew Jack in Paris

The French government yesterday stated its intention to create an independent telecommunications regulator and to introduce competition against the state monopoly provider by 1998.

Promising a continued important role for France Télécom, the state operator, Mr François Fillon, telecoms minister, stressed the importance of maintaining a "public service" network offering "affordable" tariffs across the country as a necessary part of regional development policy.

However, he conceded that the cross-subsidies provided by long-distance telephone users - notably business - to local users would be "progressively re-balanced" over time, while arguing that the European Commission's demands for this to take place by the start of 1998 was "unrealistic".

His comments came on the day that the consultation period closed for the government's proposed reforms to telecoms regulations. Mr Fillon said draft legislation would be ready by this summer ahead of a new law which would come into effect at the start of 1998.

Mr Fillon spelt out five guiding principles: guaranteeing for everyone a quality public service; guaranteeing users simple access to more services; creating an environment favourable to the development

of competition; developing the competitiveness of France Télécom; and ensuring fair competition through the creation of an effective regulator.

The government is widely expected to launch the sale of a minority stake in France Télécom this year or next, in spite of strong opposition from trade unions. Mr Fillon stressed yesterday that the state would remain in the long-term the majority shareholder.

"The minister said he did not 'at this stage' favour splitting the universal provision of the basic telephone service into a range of geographical zones which could be shared between different operators. But he said there would be room for competition through rival local and regional operators, which would be obliged to contribute to the public service costs currently incurred by France Télécom.

He said he had taken heed of calls for a clarification of proposals in the types of telecoms licences that are issued, and that the rights of access and other requirements should be the same for the state company and other groups entering the market.

He stressed that maintaining the *status quo* was unrealistic because "we cannot resist new technology for long", but argued that his recommendations would not ignore specifically French priorities.

Swedish interest rate cut signals policy change

By Christopher Brown-Humes in Stockholm

Sweden's central bank yesterday cut its key interest rate for the first time in nearly two years, saying economic growth was likely to be weaker than expected in 1996.

The cut, which lowers the bank's repurchase rate by a quarter of a percentage point to 8.66 per cent, signals a shift to looser monetary policy after a series of rate increases since August 1994.

It shows Sweden belatedly joining a European trend towards lower interest rates to counter slower economic growth.

Mr Urban Bäckström, Riksbank governor, said the cut had been made possible by increased international confidence in Sweden's tough programme to eliminate its budget deficit and stabilise its debt, as these had brought a sharp rise in the krona and much lower bond yields.

"The situation in Sweden improved considerably during the summer and autumn of 1995," he said. He also pointed to an easing of inflationary pressures. This made it more likely that the bank would reach its 2 per cent inflation

target in the coming months. Mr Bäckström said the bank expected "a somewhat weaker 1996 than it originally thought" but it anticipated a revival in economic activity in the second half.

The bank still considers the krona to be undervalued, despite its strong recovery in recent months, but declines to set a target for the currency.

Economists forecast that the Swedish economy will expand by around 2 per cent in 1996, considerably slower than last year's 3.5 per cent growth rate. Figures from the government's National Economic Research Institute yesterday showed clear evidence of weaker industrial demand in the final quarter.

Financial markets reacted positively to the rate cut, marking bond yields down by between 10 and 15 basis points. The 10-year bond yield now stands at 8.22 per cent, compared with 11.5 per cent in early 1995.

Mr Bäckström said it was the first time for 20 years that Sweden had seen a sharp weakening of the krona - as it did after the currency was floated in late 1992 - without seeing a big jump in inflation several years later.



Charles Schwab, discount broker pioneer, picked up his first copy of Forbes at his father's law firm in 1959.



Larry Ellison, founder and CEO of Oracle, started reading Forbes as a computer programmer in 1972.



Michael Dell, founder and CEO of Dell Computers, borrowed his first copy of Forbes from his mother in 1978.

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NEWS: WORLD TRADE

Boeing outpaces Airbus for \$4bn order

By Michael Skapinker, Aerospace Correspondent

Malaysia Airlines yesterday confirmed that it was buying 25 Boeing aircraft, with the order for engines split between Rolls-Royce of the UK and Pratt & Whitney of the US.

blow to Airbus Industrie, the European consortium. Last year, Singapore Airlines ordered 77 Boeing 777s in preference to Airbus aircraft.

Boeing said the Malaysian order was worth \$4bn. The airline has also taken options on a further three 747s and two 777s.

with our proposed destinations." Airbus said it was disappointed with Malaysia Airlines' decision. The airline has bought Airbus A330 aircraft in the past.

Rolls-Royce will supply engines for the Malaysian 777s - one of a string of successes for the UK manufacturer in the Asian market.

\$475m. It had won about 60 per cent of the Boeing 777 market in the Asia-Pacific region, and about 35 per cent of the market worldwide, including firm orders and options.

France calls for tighter curb on banana imports

By Guy de Jonquieres

The French government has called on the European Union to impose tighter restrictions on imports of "dollar" bananas from Latin America and to compensate producers in former European colonies for lower prices and lost revenues.

French officials said Mr Juppé had complained that ACP and EU banana producers, which were still struggling to recover from lost revenues caused by crop damage, had been further harmed by a glut of "dollar" fruit, which had depressed prices in Europe.

Fruits of textiles pact fail to ripen

Poor nations have yet to see benefits from accord, writes Frances Williams

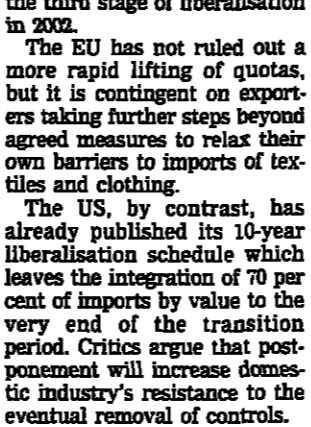
The implementation of a landmark international agreement on textiles and clothing trade, intended to phase out decades of protectionism, has been among the one-year-old World Trade Organisation's biggest headaches.

It has since come under fire from developing country exporters such as Hong Kong and India which think it should be taking a more robust line in favour of freer trade and are critical of its secrecy.

After six renewals of the MFA since 1974, the US textiles industry may have been lulled into a false sense of security, says one Asian trade diplomat.

However, three cases are still in limbo. In one the TMB agreed there was no serious damage but said there was an actual threat of serious damage to the US industry.

US textile and apparel trade



Apparel, \$bn

These worries have been underscored by 24 US quota "calls" last year, imposing new restrictions on 14 developing country suppliers in Asia, Latin America and the Caribbean under a safeguard clause in the textiles accord.

However, US objections to the banana regime may be raised in talks in Brussels today between Mr Daniel Glickman, US agriculture secretary, and Mr Franz Fischler, EU agriculture commissioner.

Some officials believe Mr Juppé's letter may be intended to discourage the EU from trying to head off US trade action by offering a compromise deal which would lift restrictions on Latin American banana imports.

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NEWS: INTERNATIONAL

Donors pledge extra \$865m of aid to Palestinians

By David Buchan in Paris

Some 50 countries and international organisations yesterday pledged an extra \$865m of aid to the Palestinians, more than enough to cover the Palestinian Authority's programme of \$500m worth of projects and its anticipated \$75m deficit this year.

support for the peace process before the Palestinian elections due to take place in the West Bank and Gaza Strip on January 20.

Mr de Charette noted that, together with some \$500m in aid pledged earlier but still unspent, yesterday's financial pledges brought to \$1.365bn the amount of foreign aid available to the Palestinians for the period between now and March 1997.

The biggest pledges yesterday came from the European Union with \$120m, Saudi Arabia with \$100m, the World Bank with \$90m and the US with \$71m.

Mr James Wolfensohn, president of the World Bank, which is co-ordinating the aid, said the priority projects included housing, transport, water, sewage and health.

Various donors have pledged aid in kind, particularly technical assistance responding to their specialities, such as Dutch and German help in improving the port of Gaza.

Shin Bet resignation raises questions for security probe

By Julian O'zanne in Jerusalem

The carefully timed resignation of the head of Israel's Shin Bet has restored some credibility to the internal security agency but raised questions about the inquiry investigating the security lapses in the assassination of former Prime Minister Yitzhak Rabin.

Shin Bet has been racked by doubt since Mr Rabin's assassination exposed breaches of security in the protection of the prime minister and a failure of intelligence gathering about right-wing extremists involved in the assassination.

But the resignation of Shin Bet chief - identified in Israel only by the Hebrew initial "Kaf" - offered to resign twice after Mr Rabin's death but the offer was refused by Prime Minister Shimon Peres.

Allies fall out on Africa's Horn

Michela Wrong on territorial tensions between Eritrea and Yemen

The Horn of Africa has been the site of a rare spate of diplomatic activity over the past 10 days with Mr Boutros Boutros Ghali, UN secretary-general, shuttling between Eritrea and Yemen in an attempt to settle a territorial dispute that has cost a dozen lives.



French company Total already has oil exploitation projects in Yemen and has begun preliminary work on what could result in a multi-billion-dollar project to export gas from there.

With so much at stake, little wonder that when Yemen landed troops there in November and started building, Eritrea's hackles rose. Last month President Isaias Aferwerki said the move was "tantamount to occupation" and accused his former ally of trying to profit from the temporary weakness of a newly formed country that had neither navy nor airforce.

His resignation now puts Kaf in a better position to defend himself before the commission inquiry which he believes has personally found him guilty. Kaf's personal reputation rose after the killing last Friday of Mr Yahya Ayyash, the Palestinian bomb maker responsible for scores of Israeli deaths. Although Israel has not publicly accepted responsibility for the death of a man who for more than two years topped the Shin Bet's most wanted list, it is widely believed the agency was behind it. Kaf has also taken credit for tracking down the Palestinian mastermind of last year's Beit Lid bus stop suicide bomb which killed 21 Israelis.

Security officials said Kaf was deeply upset by the way he had been treated by the three-member commission. He was also angered by a letter sent by the commission last month, warning Kaf and five other agency operatives that they might be harmed by the panel's findings. He became convinced that the commission was likely to make him a scapegoat and recommend his dismissal so he decided to save himself the humiliation of being sacked and resigned to defend himself as an ordinary citizen.

But the Hanish Islands represent far more in terms of hidden resources than their barren appearance would suggest. And for those trying to ensure there is no repeat of the fighting that exploded in mid-December, their sensitive location near busy shipping lanes carrying oil from the Gulf to Europe endow them with a potential for trouble out of all proportion to their size.

The full potential of these waters remains a mystery, as the war kept investors away. But seismic surveys carried out by Gulf Oil, Mobil and Esso in the 1980s revealed the presence of oil.

The Eritrean government still needs to evaluate its stocks and suffers from a desperate shortage of fishing vessels, cold storage, processing and transport facilities vital to the industry. Meanwhile British, Saudi, Greek, Dutch and Israeli companies are already operating in the waters.

International pressure is now on the two countries to settle the dispute, with France, which has troops stationed at its base in nearby Djibouti, the latest country offering to mediate.

Both exposure drafts would require disclosure of basic earnings per share and diluted earnings per share as a measure of performance. Both would also require additional disclosures which warn of the potential dilution of earnings per share.

Global accounting standards step closer

By Jim Kelly, Accountancy Correspondent

The recognition of international accounting standards as a force in global financial reporting took a further step forward yesterday.

The US Financial Accounting Standards Board (FASB) and the International Accounting Standards Committee (IASC) announced that they had approved similar draft codes on the disclosure in annual accounts of earnings per share.

Earnings per share, broadly the after-tax profit attributable to each share in a company, is one of the key performance indicators favoured by the users of accounts. International comparability would mark a major improvement.

Both exposure drafts would require disclosure of basic earnings per share and diluted earnings per share as a measure of performance. Both would also require additional disclosures which warn of the potential dilution of earnings per share.

PM's ally becomes ambassador to Bonn

By Robert Peston and Bruce Clark

Britain yesterday named its new ambassadors to Germany and France, and with the appointments Mr John Major, the prime minister, loses his most important press and media adviser as he enters the vital last phase in the lifetime of his government.

Mr Christopher Meyer, the prime minister's press secretary for the past two years, is to become British ambassador in Bonn. He will be replaced by his former deputy, Mr Jonathan Haslam, now head of information at the Ministry of Agriculture.

Mr Meyer became adept at crisis management as the government lurched from one domestic disaster to the next, including assorted allegations of ministerial impropriety, the climbdown on privatising the Post Office, the Commons defeat over the imposition of value added tax on fuel and the whittling away of the government's majority.

Before joining the Downing Street team, Mr Meyer, 51, was deputy head of mission in the Washington embassy, having spent almost 30 years in various foreign office postings.

He is taking the appointment at a sensitive time, when he will have an influential role in negotiating with Germany over the European Union's future, monetary union and the European Fighter Aircraft.

Mr Meyer is also likely to oversee the relocation of the embassy from Bonn to Berlin. The Foreign Office also confirmed yesterday that Mr Michael Jay, deputy under-secretary at the Foreign Office, is to become Paris ambassador.

The al Massaari affair: Dissident 'thorn in the flesh' awaits outcome of appeal against deportation order

Saudi nerves soothed by government's action

By Bernard Gray and Rouda Khatib

While the decision to deport Mr Mohammed al Massaari, the dissident Saudi refugee, has caused a storm in the media, the issue has been a thorn in the flesh of the British government and companies for over a year.



Mohammed al Massaari, the Saudi dissident who has been ordered to leave Britain for Dominica, at his London home

While Mr al Massaari's cause has been taken up with gusto by leftwing Labour backbenchers, the opposition party leaders have been somewhat half-hearted in their criticism.

Both parties admit the decision has been as awkward to defend as it was to attack. Government ministers have conceded, however, that once again they have

missed a trick in explaining the decision. Caught off guard by the original newspaper leak last week, the government information machine never regained the initiative.

more difficult to question and more prone to speculation. Although agents and commissions are not allowed in defence contracts under Saudi law, businessmen and experts on Saudi Arabia say this is precisely where the biggest commissions are paid to members of the royal family.

British companies did not face direct threats of lost business as a result of Mr al Massaari's activities. But they were left in no doubt, in the foot-dragging over deals which seemed done, about the Saudi view of his presence in Britain.

What seems to have tipped the balance is not the replacing of King Fahd by Crown Prince Abdullah, who is viewed as more conservative, but the bombing at the US-staffed Saudi National Guard communications centre in Riyadh in November, which increased Saudi and US sensitivity to political opposition.

Yet given the obsessive secrecy of the Saudi regime, the sensitivity in Whitehall often goes so far that officials and companies refuse to discuss any element of their involvement with the kingdom.

The Saudis have a long "wish list" of items which they would like from this oil revenue, which has thus far been dominated by military aircraft, principally Tornado fighters and bombers.

has been BAe aircraft or air base services. Al Yamamah is now worth over £2bn a year to BAe, and the company has 4,000 expatriates working on the contract in Saudi Arabia.

in designing the original Al Yamamah deal, along with Mr Dick Evans of BAe.

A number of factors seem to have combined to heighten Saudi fears and pressures and finally push the British government to take action.

Now that Britain has decided to act, Saudi nerves seem to have been soothed. Some executives even report that the subsequent row has not been received badly by Saudi authorities.

Tory MP may withhold support from government

The crumbling Conservative administration led by Mr John Major was dealt a further blow yesterday when one of his party's MPs warned that he could not guarantee loyalty to it in all votes in the House of Commons.

As the Commons returned after its Christmas break, Miss Nicholson invited other disgruntled MPs on the Tory left to join her on the opposition benches.

It is a ferocious predator and can grow to as large as 1.5m. French and Scandinavian fishers regard it as a delicacy and it could catch on as a high-class alternative to Britain's traditional cod and chips (French fries).

The Zander is a sharp-toothed freshwater fish introduced to Britain from mainland Europe 30 years ago. It is now wreaking havoc with native roach and bream in Britain's rivers and canals.

British Waterways, which runs the 3,900km canal system, yesterday admitted defeat in its battle to curb the burgeoning population and launched a campaign to serve it up on a plate.

But Mr Major rebuffed Labour calls that he holds an early general election, arguing that his government's mandate came from a record number of voters at the last general election.

Mr Tony Blair, Labour leader, claimed Mr Major's suggestion that privatisation of the Post Office could be revived in the Conservative manifesto was another sign that he was pandering to the Tory right which wanted to privatise anything and everything.

At the beginning of each of the past two years, City of London analysts insisted that this was the crucial year for Eurotunnel, the crisis-ridden operator of the Channel tunnel between England and France.

Even if an agreement on a new financial structure were reached with its four main banks, "we will have to detail it and document it, and then put it to a vote of all 225 banks", he said.

Miss Emma Nicholson, a Conservative MP who defected to the centrist Liberal Democrat party late last year, sat on her new party's benches in the Commons for the first time yesterday.

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Accountants are busy lunchers

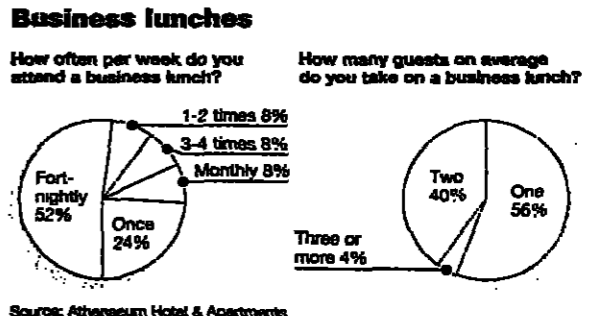
Accountants are out to lunch again. A survey conducted for a big London hotel found that of 100 respondents 52 lunched more often than they did three years ago.

'Union jack' row clouds sale of N Ireland airport

Unionist politicians in Northern Ireland will oppose any move by Aer Rianta, the state-owned airports authority in the Republic of Ireland, to acquire Belfast City Airport in Northern Ireland.

Accountants are busy lunchers

Accountants are out to lunch again. A survey conducted for a big London hotel found that of 100 respondents 52 lunched more often than they did three years ago.



property surveys in the capital's West End about their lunch habits. Lawyers lunched least, drank least, and usually in-house.

GM workers to vote on pay

The 7,200 manual workers at the Vauxhall offshoot of General Motors are to vote on the three-year pay deal which was overwhelmingly rejected last week at factories in the English towns of Luton and Ellesmere Port.

Road protestors claim victory

The first day of work on the controversial bypass round the southern England town of Newbury had to be abandoned after a protest immobilised security guards.



An anti-road protestor climbs on to a makeshift tripod to blockade security guards in their compound.

Landmarks excite interest: Interest in two of Britain's most famous landmarks has been strong since they went on sale on Monday.

This really is tunnel operator's crunch year

By William Lewis and Geoff Dyer

At the beginning of each of the past two years, City of London analysts insisted that this was the crucial year for Eurotunnel, the crisis-ridden operator of the Channel tunnel between England and France.

Even if an agreement on a new financial structure were reached with its four main banks, "we will have to detail it and document it, and then put it to a vote of all 225 banks", he said.

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THE COMBINED STRENGTHS OF FORTIS

Take a few companies at random, put them together, and what have you got? Just a list of names.

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really quite simple: it is a matter of combining strengths.

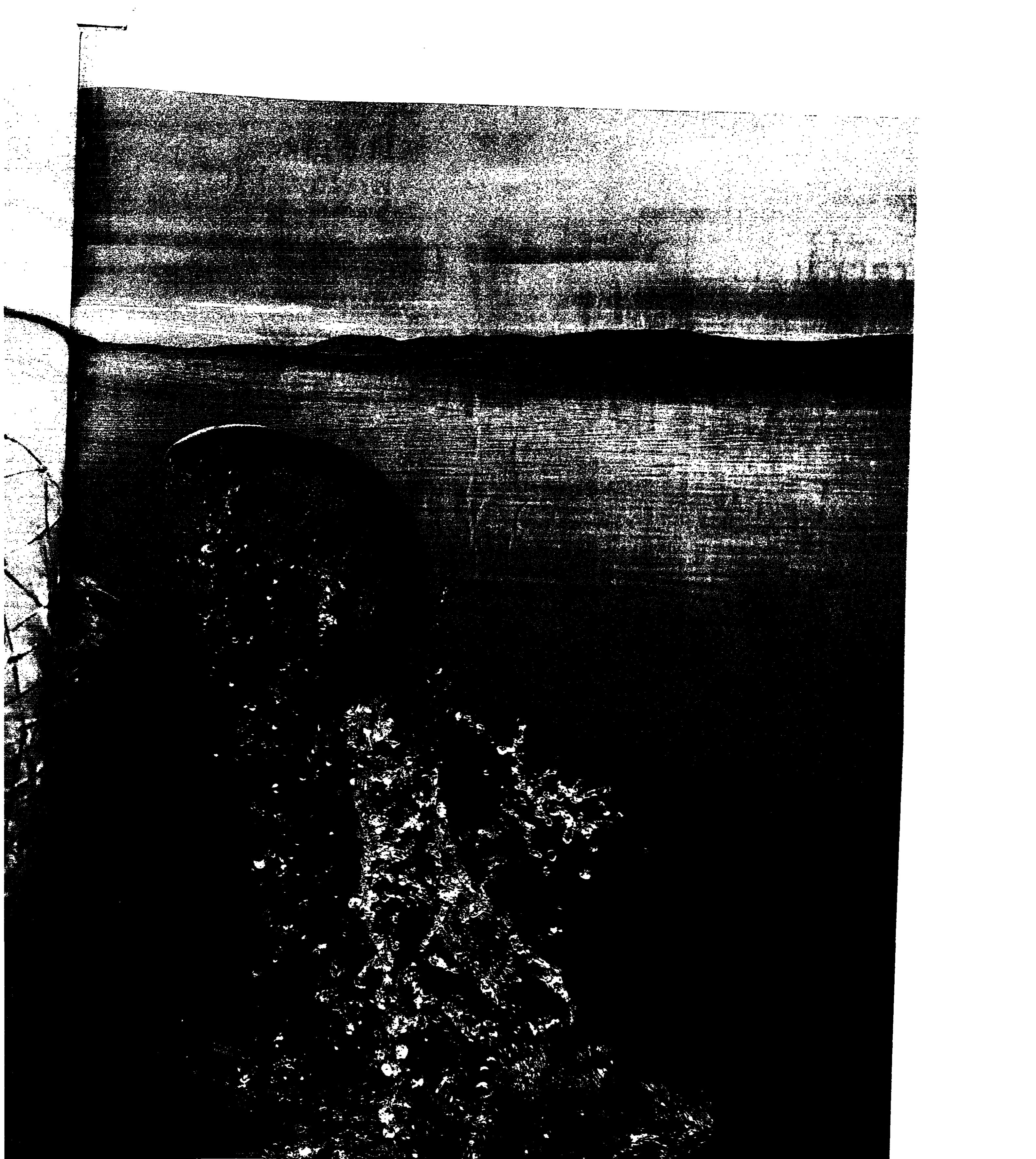
In 1990, the Dutch bank-insurer AMEV/VSB, and Belgium's largest insurance company AG, decided to join forces. The result was Fortis. A unique, strategic combination of

know-how and resources. And an excellent basis for further growth, whether internal or through acquisitions.

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doing so, feeding enthusiasm for further development.

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viders of financial services. All these examples underline that Fortis has tremendous potential. Because the strength of the whole is greater than the sum of the parts.

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BUSINESS AND THE ENVIRONMENT

Greenpeace's new head outlines the campaigners' strategy for working with business, writes Sheila Jones

Industrial relations

Thilo Bode, the new head of Greenpeace International, is amused by the suggestion that the organisation today looks more like a Goliath than a David.

"If we were Goliath it would mean we had won. I wish we were. But no, we are still a very small David."

Greenpeace has grown rapidly since starting as a small, militant organisation in 1971 taking on big business and government on the environment. Now in its 25th year, Greenpeace employs 900 staff in 31 countries; it has an annual budget of about \$120m (£78m), reserves of \$70m and more than 3m supporters worldwide.

In recent months, the organisation has been accused by insiders and outsiders of being bureaucratic, secretive, even untrustworthy. Its tactics have been questioned in campaigns against French nuclear testing in the South Pacific, where its two flagship vessels were seized, and against Shell's plan to dump the Brent Spar oil platform in the North Atlantic. Its income and membership look high, but they are well below their peak years.

Bode acknowledges that recent events have threatened Greenpeace's credibility. He is not unshaken. But he points out that, among other things, the French have agreed to sign a comprehensive test ban treaty in 1996, after years of campaigning, and that Shell has reversed its decision to dump the Brent Spar at sea.

One of Bode's first tasks as international executive director has been to continue the streamlining under way in the organisation: trimming the budget - "sustainable campaigning is possible only on solid reserves" - and cutting staff, by about 100 in the past year. Another priority is to make the organisation more open, but not at the expense of weakening its ability to campaign.

Bode, 48, embodies the modern, professional image that Greenpeace now seems to want to project. A

graduate in political economics, he has worked on all sides: for development aid organisations, as a private consultant on development issues, and in industry. The organisation is like "a medium-sized business," he says, "and it has all the sorts of problems of a business this size."

Where a company has subsidiaries, Greenpeace has affiliates - national, independent entities - licensed to operate under the Greenpeace name. Bode's most pressing challenge is to help establish a "common vision" that will bind the organisation.

"Greenpeace was founded 25 years ago in Canada. Now, we have representatives in different countries and across different cultures. The challenge is more complex. In terms of tactics, we have classical direct action because civil disobedience is a classical way to confront in western societies, but it is not in Japan. So we have to adapt our ways of confronting to respective cultures."

Bode also wants to talk to business. The environment is on the corporate agenda, a significant change since the early days of Greenpeace. Bode's business approach raises suspicion in some quarters, but he believes there are business allies that can help the cause. "Industry is the main player in society... That's why we need to talk to them."

He dismisses the idea that co-operation might become collaboration. "We don't lose our ability to confront and attack by talking to them. On the contrary, they know us better and we know them better. It is important to know your adversary." It is not just a cynical exercise in getting to know the enemy. Again, it is more complex, says Bode. "We can intervene physically, without violence, against environmental destruction, such as the killing of whales. This holds true where the destruction is visible. But you can't see global warming, so here we have to find the most effective confrontation."



Bode wants to talk to business because 'industry is the main player in society'

Greenpeace Germany, which Bode ran from 1989 until taking over at the headquarters in Amsterdam, talked to several large companies, including Siemens and Bosch, about developing refrigerators free of harmful chlorofluorocarbons. The approaches were rebuffed, says Bode, so Greenpeace worked on the new technology with an independent east German company.

"This is the real David and Goliath story," he says. The mainstream manufacturers are now producing CFC-free fridges using the new technology. "It has penetrated markets in central Europe and you can't buy any other type of fridge in Germany," says Bode. "It is a shame for the small east German company, but this is a classical action - Greenpeace doing something rather than waiting for someone else to do it. Action does not always mean holding up a banner."

Greenpeace has had talks with motor manufacturers Mercedes-Benz and Volkswagen about prospects for cleaner energy. This week in London, Bode has been talking to Shell executives about a strategy for the disposal of oil installations.

But he promises that large corporations and governments are not off the hook. Greenpeace will seek to

hold them to commitments made at the Rio summit on climate change in 1992. "Big corporations today have a responsibility that goes beyond their aim to make a profit. The focus is on social, moral and ethical obligations. There is a very progressive agenda. Our obligation is to say to industry 'This is what you write. What is it you do?'"

Bode's interest in the environment is rooted in concern with social inequality. A student activist in the 1960s, he was a member of Germany's young socialists. This was long before the formation of Germany's influential Greens, although Bode never joined the party.

He does not see the environment as an isolated issue. "Poverty is connected to environmental destruction. Look at poor, landless farmers invading virgin tropical forests, or at fishermen destroying fish stocks. In developed countries we have the huge consumption of resources affecting the developing world."

"In the long run, we can only solve the environmental crisis if the world's society comes to an agreement about sharing resources. Mankind has to decide how to share them and to what extent."

The greening of Bretton Woods

Graciela Chichilnisky on a plan for a new global bank to be a clearing house for the environmental market

The Bretton Woods institutions show their age. Creators of the post-war reconstruction, they served us well for half a century. The World Bank supported development efforts worldwide, and the International Monetary Fund provided the backbone for the international monetary system during the golden age of industrial society.

But as the century turns, the industrial world's voracious appetite for natural resources threatens to change irrevocably the earth's atmosphere and its global climate. This sobering thought has prompted calls for the reorganisation of the Bretton Woods institutions.

However, they were not created for, and are not well suited to, the environmental challenge. The World Bank's proclivity for large technocratic projects has led to complaints about environmental insensitivity. It and the IMF have found that their standard recommendations for developing countries, such as exporting more resource-intensive products (fossil fuels, forest products and cash crops) at devalued exchange rates, may conflict with environmental preservation. Is the world ready for a global Environmental Protection Agency?

Hardly. Heavy-handed bureaucracy has lost its appeal. Markets are imperfect institutions, but the alternatives may be worse. The challenge now is to achieve an environmentally conservative society without hindering productivity and dynamism.

Some of the most innovative financial institutions have emerged from environmental concerns. The global reinsurance industry complements its services with "catastrophe futures", innovative instruments traded on the Chicago Board of Trade since 1982. In the US, the Clean Air Act has led to a market in sulphur dioxide emission rights.

Financial markets and the environment are natural allies. Finance is about hedging uncertainty. Environmental uncertainty, such as weather risk,

is the oldest form of uncertainty. Yet no global environment markets exist today.

How might such a market function? First, gas emission ceilings for the world and timetables for their implementation would be established. The parties at the Berlin conference on climate change last year agreed to that. The next step is to determine the emission rights of each country, and the rules by which they can trade these rights. Property rights are crucial because one needs to know who owns what within the total ceiling in order to trade.

The market discourages emissions because it increases the cost of emitting. Each unit of emission rights has a market

and petrol. Most industrial economies would screech to a halt if they were unable to burn petrol. By selling their future rights to emit, developing countries could be selling their right to industrialise.

Borrowing and lending rights to emit may be more palatable than outright sale. The IBES could borrow short from developed countries and lend long to industrialising nations, the traditional role of a financial intermediary. Environmental bonds could be used to raise finance for environmentally valuable projects. Options and futures could bring greater flexibility and liquidity.

The IBES would act as the clearing house of a global environmental market, matching the parties to an environmental trade, mediating borrowing and lending, and ensuring the integrity of the market transactions and their settlement.

The IBES will use as collateral the environmental resources of the planet: its forests, bodies of water and its atmosphere. These are the most valuable assets known to humankind. Yet at present the only way to realise their value is by destroying them: a forest which preserves biodiversity and contributes to the atmosphere's quality is destroyed to sell the wood of its trees for pulp, or burned to give way to arable land. The IBES will help realise the value of environmental assets without destroying them. It will balance out the positions of large and small traders by offering a neutral trading base for all, and provide an anonymous process where several small sellers can meet a few large buyers.

The IBES could be an important part of the restructuring of the Bretton Woods institutions to meet the needs of today's mature industrial societies, as well as those of the industrialising countries.

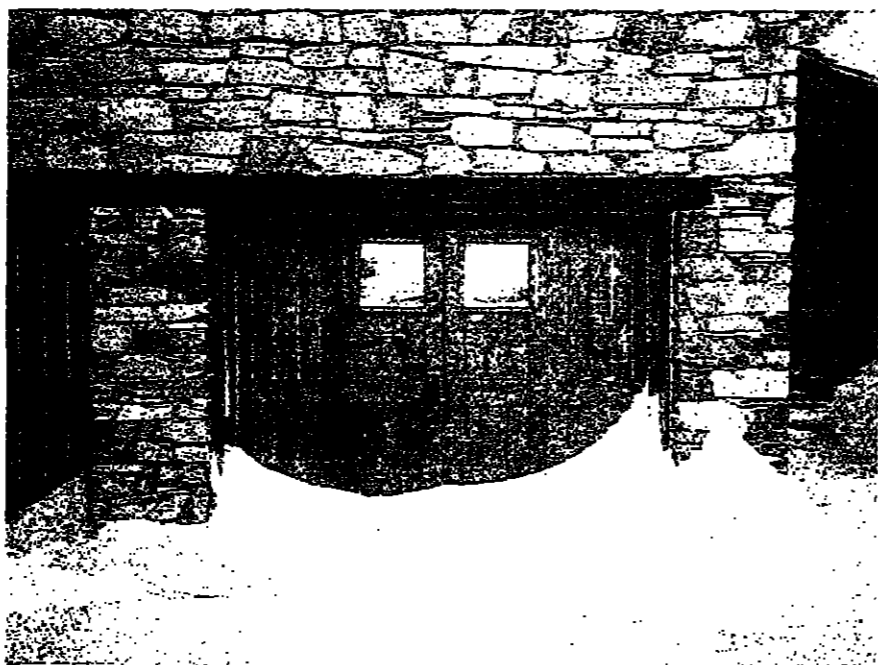
The author is economics professor and holds the Unesco chair in mathematics and economics at Columbia University, New York.

The IBES would act as the clearing house of a global environmental market

value. One can either use it to emit or sell it. Unlike taxes, markets determine the costs of emissions according to supply and demand. The emissions market works as a flexible tax system.

An environmental market can bring other gains. The richest countries have money but an environmental deficit: they emit 70 per cent of global greenhouse gases even though they make up less than 20 per cent of the world's population. The developing countries are in the opposite situation: they have a credit in the environmental account, but a monetary deficit. They emit less and they house most of the world's remaining forests and biodiversity. There are natural gains from trade between the two groups of countries.

Such a market would need an International Bank for Environmental Settlements. Trading could be tricky. Selling one's rights to emit carbon dioxide, the main greenhouse gas, is selling one's ability to burn coal

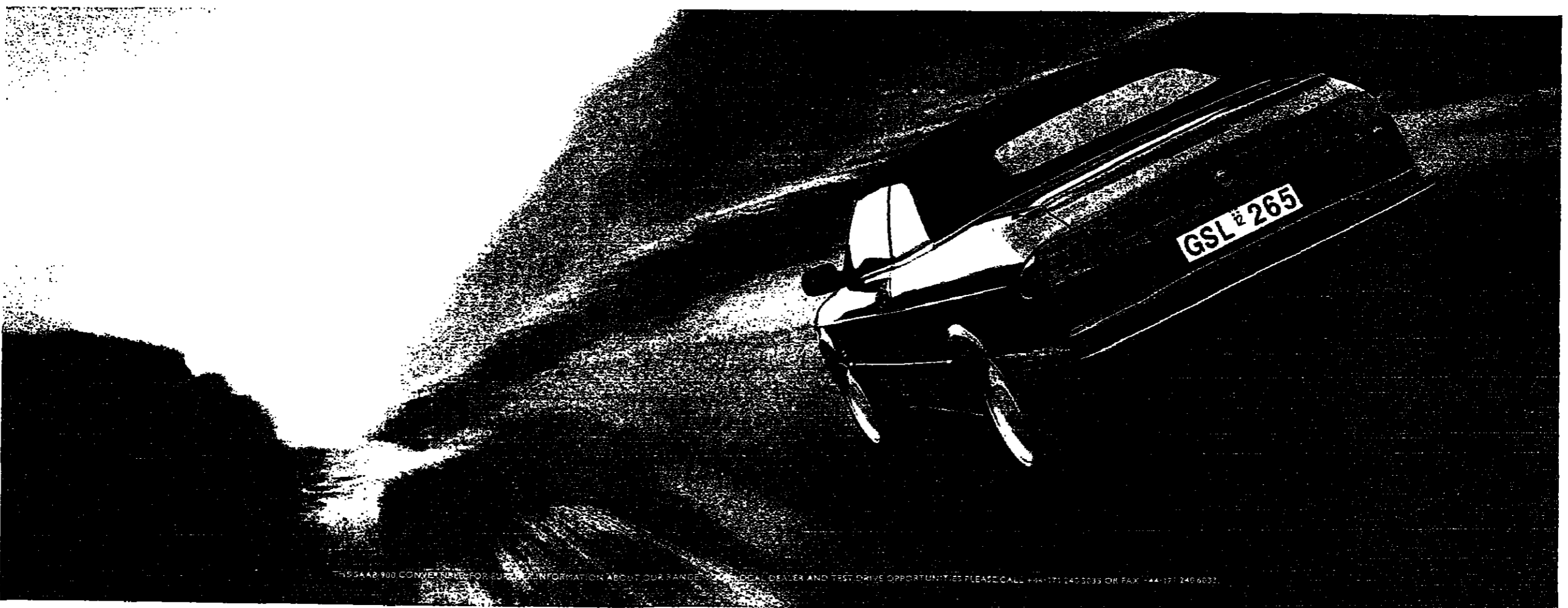


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FRUEHAUF TRAILERS Carrying the nation's goods

State company faces battle over \$20bn plants Taiwan plans switch to coal to meet power needs

By Laura Tyson in Taipei

Taiwan plans to build three coal-fired thermal power plants at a projected cost of \$20 billion (US\$20bn) to meet rapidly rising demand for electricity...

19,300 megawatts. Each of the new thermal plants is to have a capacity of 4,000MW. Demand for electricity is rising by 6-7 per cent a year...

Prompted by fears that Taipower may not be able to bring new capacity on line quickly enough, the government decided to open power production to the private sector...

Japan reviews strategy Page 5

Last June, seven companies were granted permission to operate power plants by 1998, and further applications are being accepted.

Independent power producers are expected to provide 3m kW in extra capacity, which they will be required to sell to Taipower at a fixed price...

required for a foreign stake above 30 per cent.

Taipower hopes to begin building the new plants in the next three years. But Taiwan's environmental lobby has gathered strength in recent years...

Of Taiwan's total installed power capacity, 13.3 per cent is hydroelectric, 60.1 per cent thermal and 26.6 per cent nuclear.

The government's policy is to diversify energy sources. Hydroelectric potential has largely been exploited on the highly populated island...

UK hails 'deal' with China on expanded HK port

By Geoffrey Crothall in Beijing and Simon Holberton in Hong Kong

China and Britain yesterday agreed a long-delayed expansion of Hong Kong's container port as part of 'significant progress' on key areas concerning the future of the territory.

The agreements appear to mark a more businesslike attitude by Beijing to Hong Kong's transition than has been evident for many years.

They will be welcomed in Hong Kong, which reverts to Chinese sovereignty in 18 months, as the outcome of one of the most productive meetings between British and Chinese leaders in many years.

Mr Rifkind began a three-day official visit to China yesterday with a meeting with Mr Qian Qichen, his Chinese counterpart.

Mr Chen Jian, China's foreign ministry spokesman, acknowledged 'progress' on the container terminal had been made but stopped short of calling it an agreement.

Mr Rifkind said agreement was reached on the issuance and security of the future Special Administrative Region Hong Kong passport.

Nonetheless, Granada's revised bid contains a convincing riposte to the job that it was in danger of becoming a sprawling conglomerate.

However, the foreign secretary conceded serious disagreements over the future of the Hong Kong legislature still existed.

He said he received 'unqualified assurances' from Mr Qian that all those who currently held permanent residency in Hong Kong would retain this status after the handover in 1997.

Although China's foreign ministry denounced the programme as 'an attack on China', both governments played down the effect it would have on overall bilateral relations.

Mr Rifkind said he had raised the orphanages issue and human rights in general in a 'clear, courteous and firm' manner, but received a blunt reply from Mr Qian who said the allegations made in the documentary were 'completely groundless'.

Boost for HK economy, Page 5

THE LEX COLUMN

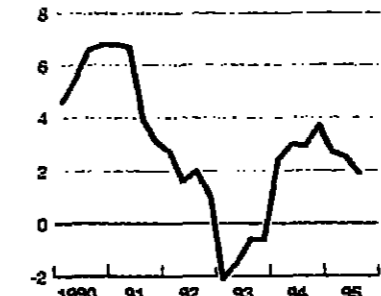
Germany's jobs angst

Chancellor Helmut Kohl's fight against unemployment - his number one priority for 1996 - has got off to a bad start. Yesterday's labour market statistics showed German unemployment climbing to 9.9 per cent in December, far worse than expected.

FT-SE Eurtrack 200: 1610.5 (-5.2)

German economy

GDP growth, annual % change



Source: Datastream

The real worry is that unemployment has increased during two years of fair economic growth. Prospects for 1996 look worse. While the Bundesbank is clinging to its forecast of a 2 per cent rise in gross domestic product, the DIW economic think-tank halved its prognosis to 1 per cent yesterday.

Manufacturing industry is certainly performing poorly. Exports are softening in response to D-Mark strength and economic weakness elsewhere in Europe. At home, the picture is dominated by destocking. Industrial orders, a leading indicator, fell 0.7 per cent in the west during November.

In response, manufacturers are accelerating their exodus overseas, antagonising Germany's powerful unions.

Much depends, therefore, on the consumer. Tax cuts, even partly offset by increased social security contributions, will leave most Germans better off in 1996. So far, consumers have shown themselves willing to maintain living standards by dipping into their reserves.

Granada/Forte

Granada's fight for Forte carries a whiff of the asset-stripping 1980s. In one corner is a defence team which plans to turn itself into a pure hotel group through £1.5bn of disposals.

Nonetheless, Granada's revised bid contains a convincing riposte to the job that it was in danger of becoming a sprawling conglomerate.

There is, of course, a risk that Granada will be lumbered with Méridien and the trophy hotels. Given their low return on assets, that would depress earnings. Failure to secure their sale would also push up debt, though not

to uncomfortable levels. Interest cover of four times would be higher than the three times Forte would carry after its planned revamp; the figure would rise to eight if Granada completed its £2.1bn disposal programme.

If Granada can reveal some hotel deals during the bid timetable, its victory will be all but secure. Even if it cannot, the odds have turned against Forte. Its robust defence has squeezed a further \$470m out of Granada.

Boeing/Airbus

Malaysia's decision to order \$1bn worth of Boeing aircraft is another blow to Europe's Airbus consortium, coming hard on the heels of Singapore Airlines' \$1.3bn Boeing order.

Acquisitions, such as the \$1.8bn purchase of Fibsons through Rhône-Poulenc Borer, its US arm, have left the group highly-leveraged and the bottom line vulnerable to a shortfall in operating profits.

Airbus is losing ground because it does not have a model to challenge Boeing's 747 jumbo jets. Not only does this mean Boeing is certain to win orders from airlines wanting aircraft capable of carrying 400 passengers; there is a knock-on effect for middle-sized jets, since airlines save money

on maintenance training if they stick with a single supplier. Airbus' disadvantage will become even more severe if Boeing brings out a stretched version of its 747, capable of carrying over 500 passengers. Hence the discussions within Airbus over whether to develop a large capacity aircraft of its own. The snag is that to carry 400 or more passengers, a completely new model would be required - with a research and development cost of perhaps \$8bn-9bn. Airbus will be hard-pressed to find such funds from its members. Another option would be to raise equity from third parties. But members, notably Aerospatiale and Daimler-Benz Aerospace, would first have to back plans to turn Airbus into a proper company.

Rhône-Poulenc

A profits warning from Rhône-Poulenc has become virtually an annual event. Since privatisation in early 1983, the French chemicals group has consistently disappointed. On the face of it, this latest upset does not look serious. The group will still report an improvement in underlying earnings for 1995. Many of last year's problems, like the French transport strike and a government levy on the group's pharmaceuticals arm, should not recur.

However, Rhône-Poulenc's core chemicals business slowed markedly during the final quarter of 1995. It is not alone. Destocking and falling prices have hit the industry across Europe. What is disappointing is that Rhône-Poulenc should still be hit by a downturn in bulk chemicals. The group has no exposure to petrochemicals or plastics and has spent the past five years diversifying into value-added areas like food ingredients and pharmaceuticals.

Acquisitions, such as the \$1.8bn purchase of Fibsons through Rhône-Poulenc Borer, its US arm, have left the group highly-leveraged and the bottom line vulnerable to a shortfall in operating profits. This has been compounded by an apparently endless stream of restructuring charges. As a result, the shares are 30 per cent below their flotation price, underperforming France's CAC-40 index by more than 40 per cent. So far, investors have borne the costs of the management's ambitious strategy, but there is no immediate prospect of correspondingly higher returns.

Lex comment on special dividends and House of Fraser, Page 17

Walesa wants his old job back in Gdansk shipyard

By Christopher Bobinski in Warsaw and Anthony Robinson in London

Poland's most famous electrician, Mr Lech Walesa, has decided to go back to his political roots and apply for his old job in the Gdansk shipyard.

Mr Walesa took his defeat in the presidential elections last month badly. He vacated the new presidential palace in Warsaw, flew home to Gdansk and refused to attend the inauguration of his successor, Mr Alexander Kwasniewski.

He also left a political time-bomb, accusing Mr Jozef Oleksy, the prime minister, of being an informer for a foreign power. The security forces have until the end of this month to come up with evidence.

For the past six years Mr Walesa has been on unpaid leave from the shipyard where he founded the Solidarity union in 1980. If he does go back to the shipyard, he will work from 6am till 2pm, at a basic salary of around \$200 a month.

As former state president, he is entitled only to a government

bodyguard, a car and health care. However, Mr Walesa, who was paid \$1m in 1989 by a US studio which wanted to make a film of his life, is not hard up, although he has given large sums to charity. The tax authorities are also seeking substantial arrears on the studio payment, which his lawyers are resisting.

Mr Walesa's wife, Danuta, told Reuters news agency she saw nothing strange in her husband's plan to go home. 'As no other conditions have been provided for the first person in the state - why not? We are used to living in tough circumstances,' she said.

Meanwhile, some of Mr Walesa's allies suggested the move was a return to his working class roots as he sought to rebuild a constituency that could return him to power.

By applying to the Gdansk shipyard, he is going back to the site of Solidarity's historic victory over the Communist government. The birth of the Soviet bloc's only independent trade union challenged the basis of the totalitarian government.

During the 1980s Poland's army imposed martial law and arrested

Mr Walesa along with other opponents of the regime. In 1989, he had his revenge as he led the Solidarity movement to victory at the polls.

By refusing to hand over power personally to his legally elected successor, Mr Walesa has underlined his belief that the return of former communists to power has turned the clock back.

But much has changed in Poland since 1980, not least in the Gdansk shipyard. It used to be state-owned, like all other large enterprises. Now it is partly privatised and employees, including Mr Walesa, own 40 per cent of the plant's equity. The Polish treasury holds the balance.

The Left Democratic Alliance (SLD), the former communists who have led a government coalition with the Peasant party (PSL) as a junior partner since their parliamentary election victory two years ago, has vowed to continue with the economic and political reforms introduced by the first Solidarity governments.

But many Poles fear that the reformist intentions of the leadership are not so widely shared lower down.

Murdoch bid

Continued from Page 1

this year's summer Olympics in Atlanta so the intervention of Mr Murdoch is likely to drive up the cost of Olympic sports rights in Europe whatever the outcome of the contest. No deal has yet been signed for the European rights for the Olympics in 2000 and beyond.

Chechens seize hundreds

Continued from Page 1

in Kizlyar and the strength of the Chechen forces. Itar-Tass said as many as 3,000 hostages had been seized by 600 Chechen fighters. Other Russian reports suggested there were 1,200 hostages and 400 rebels.

Mr Yeltsin condemned his ministers for failing to learn the les-

sons from a similar raid by Chechen forces on the southern town of Budennovsk last June. Chechen separatists killed more than 100 people before escaping into Chechnya, prompting a political row in Russia which led to the sacking of three ministers.

Mr Primakov's appointment has caused some consternation in western capitals.

FT WEATHER GUIDE Europe today Southernly air flow will persist between high pressure over Russia and low pressure south of Iceland... Five-day forecast... TODAY'S TEMPERATURES... Lufthansa logo

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INTERNATIONAL COMPANIES AND FINANCE

NEWS DIGEST

Sun Hung Kai in HK\$4.04bn placing

Sun Hung Kai Properties, one of Hong Kong's biggest property development companies, yesterday raised HK\$4.04bn (US\$522.4m) through a share placement. The money will be used for property and infrastructure investments.

Seiko sees heavier losses

Seiko, a leading Japanese watch manufacturing and wholesaling group, yesterday said its losses for the current fiscal year would be larger than expected due to losses stemming from its overseas operations and the reorganisation of its domestic group structure.

Australian Alcoa 17% ahead

Alcoa of Australia, the aluminium and gold group, lifted net earnings by 17 per cent in 1995, reflecting price rises for aluminium group products.

China Steel registers growth

Buoyant prices in the first half are expected to result in better-than-expected profits at China Steel, Taiwan's biggest steelmaker. Although official results have yet to be released, a company spokesman said pre-tax profits were likely to have advanced from T\$7bn a year ago to T\$10.3bn (US\$376m) on turnover up from T\$6.8bn to T\$4.4bn.

Tax offsets pre-tax gain at Gold Fields SA

Gold Fields of South Africa, the most troubled of the country's ailing gold mines, yesterday reported a slight quarter-on-quarter improvement in pre-tax profits from R299m to R304m (883.7m), but this was offset by an increased tax contribution.

After-tax profits for the three months to December 31 were almost unchanged at R268.1m, against R268.5m for the previous quarter.

The accounting period did not include the effects of an unlawful strike at the group's Kloof mine between Christmas and the new year, nor seasonal holidays, which would adversely affect results for the first quarter of 1996.

Matsushita acquires US flat screen specialist

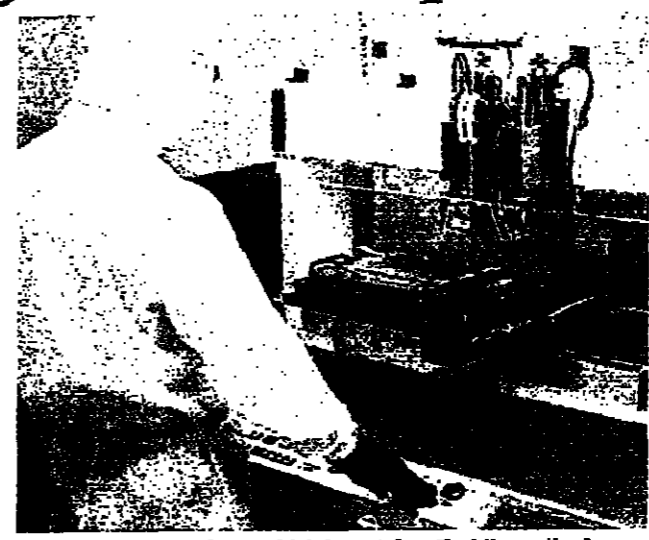
Matsushita, the Japanese consumer electronics giant, is to acquire Plasmaco, a US venture capital company which has advanced flat panel technology. Matsushita did not disclose how much it was paying for the company, although Japanese press reports have indicated a figure of Y\$bn (838.5m).

The switch to digital lifts Japanese groups

Michiyo Nakamoto reports on some far-reaching changes in the consumer electronics market

Japan's integrated electronics makers are poised to play a more active role in the consumer electronics market after languishing for years in the shadow of more glamorous brands such as Sony and Panasonic.

Toshiba, one of Japan's leading integrated electronics manufacturers - it makes everything from semiconductors to toasters - pulled off a coup last month when it won backing for its format as the industry standard for the next generation of recording discs.



One of the LCD products which have taken Toshiba to the fore

The integrated electronics makers are also well placed to develop multimedia products which will combine computer and telecommunications technologies.

Toshiba is combining its expertise in its computer, telecommunications and consumer electronics divisions to develop interactive TV which it hopes to launch next summer.

increasing its capital spending on semiconductor production over the next few years. Sony is also developing a PC in an alliance with Intel, the US semiconductor company.

Meanwhile, the integrated manufacturers are refocusing by moving away from lower-end consumer products to areas where they can better use expertise accumulated in their industrial businesses.

Nevertheless, the emergence of multimedia is providing them with unprecedented opportunities.

Matsushita acquires US flat screen specialist

It also highlights their reliance on outside technology in a promising area where Japanese computer companies, such as Fujitsu and NEC, are further ahead in development plans.

PDP panels, which rely on a gas discharge and ultraviolet light to display video images, are flat screens which are expected to come into greater use as wall-hanging televisions, video monitors and computer displays.

Integrated electronics companies such as Fujitsu, Japan's largest computer maker, and NEC have moved swiftly to develop PDP products.

Fujitsu, which has a wide range of key multimedia technologies, said commercialisation of its PDP expertise, "will allow us to use our technology to move into the home".

PDP production facilities, unveiled a 43-inch colour PDP last year and plans to start volume production in October with an initial target of 10,000 units a month going up to 100,000 units by the year 2000.

Some electronics groups have linked with outside companies in developing PDP technology. Sony has developed a flat panel with a US company and is to introduce a 32-inch screen wall-hanging TV this year.

This announcement appears as a matter of record only.

New Issue/November 1995

CHF 634,600,000

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Swiss Life +

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Issue Price: 100%

These convertible bonds were offered for subscription to members and holders of participation certificates of Rentenanstalt/Swiss Life.

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Union Bank of Switzerland

Notice of Early Redemption to Holders of

Series A

of

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(Incorporated with limited liability in the Cayman Islands)

U.S. \$271,000,000

Guaranteed Extendible Variable Rate Notes due 2006/2007

NOTICE IS HEREBY GIVEN that in accordance with Section 5.03(a) of the Indenture, dated 3rd September, 1993, Series A of the U.S. \$271,000,000 Guaranteed Extendible Variable Rate Notes due 2006/2007 of RSVP City Limited (the "Bonds") will be redeemed in full by RSVP City Limited on the Interest Payment Date falling on 31st January 1996 at their Principal Amount outstanding on that date together with interest accrued to the Date of Redemption.

Paying Agents

Bankers Trust Company, 1 Appold Street, London EC2A 2HE

Bankers Trust Luxembourg S.A., P.O. Box 807, Boulevard F.D. Roosevelt, L-2450 Luxembourg

Interest shall cease to accrue on the Bonds from 31st January, 1996.

Bankers Trust Company, London 10th January, 1996

Principal Paying Agent

Notice of Adjustment to Conversion Price

Kum Kang Trading Co., Ltd.

(the "Issuer")

U.S. \$15,000,000

0.5% Convertible Bonds 2004

(the "Bonds")

Convertible into Shares of Common Stock of the Issuer

(Common Shares)

Notice is hereby given to holders of the Bonds, following the issue of new Common Shares of the Issuer by way of rights on December 9, 1995. The Conversion price of Won 21,487 per Common Share, in accordance with the Trust Deed dated March 8, 1995 and constituting the Bonds, been adjusted to Won 21,225 per Share, with effect from December 10, 1995.

The Chase Manhattan Bank, N.A. for and on behalf of Kum Kang Trading Co., Ltd.

CHASE

January 10, 1996

SBA SOCIETE GENERALE ACCEPTANCE N.V.

FRF 300,000,000 REVERSE FLOATING RATE NOTES DUE APRIL 2003

ISIN CODE : XS0041892784

For the period January 08, 1996 to April 09, 1996 the new rate has been fixed at 9.625 % P.A.

Next payment date : April 09, 1996

Coupon nr : 9

Amount : FRF 245,97 for the denomination of FRF 10 000
FRF 2459,72 for the denomination of FRF 100 000
FRF 24597,22 for the denomination of FRF 1 000 000

The Principal Paying Agent

SOCIETE GENERALE BANK & TRUST - LUXEMBOURG

DEPARTEMENT DE LA GUADELOUPE

EMPRUNT OBLIGATAIRE FRF 50,000,000 - TRANCHE A TAUX VARIABLE ECHEANCE 1999

EMPRUNT OBLIGATAIRE FRF 50,000,000 - TRANCHE B TAUX VARIABLE ECHEANCE 2000

For the period January 08, 1996 to July 08, 1996 the new rate has been fixed at 5,90625 % P.A.

Next payment date : July 08, 1996

Amount :

FRF 29859,38 for the denomination of FRF 1 000 000

THE PRINCIPAL PAYING AGENT

SOCIETE GENERALE BANK & TRUST - LUXEMBOURG

MITSUI & CO., LTD.

(Incorporated with limited liability in Japan)

Y30,000,000,000

Fixed and Floating Rate Notes 1996

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 10th January, 1996 to 10th April, 1996 has been fixed at 0-42188 per cent per annum. Coupon No. 7 will therefore be payable on 10th April, 1996 at Y10,664 per coupon from Notes of Y10,000,000 nominal.

The Bank of Tokyo, Ltd. Agent Bank

10th January, 1996

10 year ending	Y30,000,000,000	Y30,000,000,000	Y30,000,000,000
0000	6.95	51.95	22.38
0100	12.75	37.79	41.08
0200	13.10	23.25	50.39
0300	16.19	43.91	47.20
0400	19.72	36.11	39.41
0500	15.19	43.91	47.20
0600	12.28	41.24	46.07
0700	23.41	31.54	34.91
0800	24.60	33.08	37.47
0900	28.04	41.24	46.07
1000	28.75	43.05	48.80
1100	28.51	51.26	45.87
1200	36.86	63.80	70.46
1300	28.32	64.17	71.10
1400	28.32	65.19	73.71
1500	29.49	51.40	57.95
1600	24.78	79.09	57.19
1700	24.81	51.39	58.39
1800	22.52	33.08	39.39
1900	9.00	32.84	35.24
2000	8.95	28.63	31.83

Ville de Montréal

Can\$200,000,000

Floating Rate Notes

Due January 10, 2000

NOTICE IS HEREBY GIVEN that for the interest period 10th January, 1996 to 10th April, 1996, the interest rate will be 5.705% per annum.

The interest payable on 10th April, 1996 against Coupon No 5 will be Can\$14.42 per Can\$1,000 Note, Can\$144.21 per Can\$10,000 Note, and Can\$1,442.10 per Can\$100,000 Note.

Bank of Montreal London as Calculation Agent 10th January 1996

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INTEREST PERIOD : FROM 08/01/1996 TO 08/04/1996

INTEREST PAYABLE PER USD 100,000.

NOTE: USD 1,486.45

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COMMODITIES AND AGRICULTURE

Cyanide spill mine to reopen

By Canute James, Jamaica

A commission appointed by the Guyana government has recommended the reopening of the controversial Omai gold mine...

The government described the cyanide leak as an "environmental disaster", while the company preferred to call it an "industrial accident".

The leak and the closure of the mine fueled debate about the use of cyanide, but the commission said the chemical was the most economic and environmentally acceptable means of extracting gold...

Blue roofs give away Filipinos' golden secrets

Big miners are following the trail of independent panners in the search for gold, writes Kenneth Gooding

The "blue roof anomaly" is an absolutely certain guide to locating rich gold deposits in the Philippines. It is being widely used by those foreign companies that have been rushing to apply for exploration licences...

The blue roof exploration technique involves finding where the small-scale miners - most of them operating illegally - have gathered in the greatest numbers to dig for gold.

"These guys pan for gold in the rivers and then follow the trail upstream until they find the main source. They won't stick around if its not worth their while, so finding them is a sure fire way of finding high grade gold deposits."

CRA decided which licenses to apply for after first studying geological maps and then tracking down small-scale miners in prospective areas. Mr Aguiñan says he recently came upon a group of illegal miners that had recovered more than two kilograms (64 troy ounces) of gold in a hole in the hillside...

usually already extracted 50 per cent of the gold from the ore. Mr Henry Aguiñan, exploration manager for CRA's subsidiary Tropical Exploration Philippines, says searching for small-scale miners "is the most useful exploration tool we have".

City because of the number of small-scale miners to be found there, along with the middle men who finance their activities. But the small miners still mainly use mercury to release the gold.

Use of this harmful metal is the government's main cause for concern where the small applying for licences. The government would not want to stop the small miners, even if that were possible, because of the economic benefits they bring.

changing mining and tax laws and permitting 100 per cent ownership of mining companies by foreigners in some circumstances, something previously forbidden. The new laws allow foreign mining companies to apply for licences to explore vast areas of up to 81,000 hectares for a limited time.

Secretary of state Ramos says mining will be one of the least sectors in the coming upsurge in the Philippines economy. He has no doubt that the industry's exports ultimately will match the peak US\$1.2bn recorded in 1980.

With this in mind, the government is encouraging a flood of foreign investment into the Philippines mining industry by production (which all has to be delivered to the central bank) of nearly 40 tonnes or 1.3m ounces. Since then output has fallen so the country has dropped to 14th place in the global reckoning and official production is down to 31 tonnes.

production (which all has to be delivered to the central bank) of nearly 40 tonnes or 1.3m ounces. Since then output has fallen so the country has dropped to 14th place in the global reckoning and official production is down to 31 tonnes. However, the Gold Fields Minerals Services consultancy group estimates that the "informal" - or illegal - sector contributes an additional 18 tonnes (580,000 ounces).

In recent years other parts of the Philippines mining industry have been going through difficult times, brought down by low metal prices, high debts, bad management and 20 years of international isolation during the Marcos presidency.

With this in mind, the government is encouraging a flood of foreign investment into the Philippines mining industry by production (which all has to be delivered to the central bank) of nearly 40 tonnes or 1.3m ounces. Since then output has fallen so the country has dropped to 14th place in the global reckoning and official production is down to 31 tonnes.

teed not to be changed by the next administration. Mr Conrad Leviste, governor of the country's Board of Investments, estimates that there will be a capital infusion of at least US\$3bn resulting from the FTAA application alone. Another indication of the benefits the gold rush will bring the Philippines is that CRA has given Mr Aguiñan the target of finding deposits with a minimum of 100 tonnes (ounces) of gold.

In fact, other foreign companies already have that amount of gold in the bag, at sites where there was hectic small scale miner activity. TVI, in partnership with Echo Bay of the US, has 3.8m ounces of mineable gold and 2.2bn lb of copper at the Kingking deposit in the Mandanao region. The companies are helping local group, Benguet Corporation, to pay off most of its debts and get back to financial health by paying at least US\$7m for Kingking. Meanwhile, Climax Mining has discovered 4m ounces of gold and 1.1bn lb of copper at its Didipio deposit in the Luzon region.

Mr Bryce Roxburgh, Climax Mining president, says that mining could start up in 1997 to produce up to 400,000 ounces of gold and 87m lb of copper a year. That is nearly as much gold from one mine as the efforts of all the small scale miners produce in the same time.

'These guys pan for gold in the rivers and then follow the trail upstream until they find the main source. They won't stick around if its not worth their while.'

MARKET REPORT Copper and aluminium fall to fresh lows at LME

Base metals prices mostly moved lower in late trading as the contract for copper and aluminium fell to fresh lows at the London Metal Exchange yesterday.

Copper bottomed out at \$2.51 before ending the kerb session nervously at \$2.50, a \$31 a tonne loss from Monday. The market was oversold, traders said, but given the bearish mood a test of \$2.50 was likely, with major support put at \$2.45.

Monday, which was briefly halted early yesterday, resumed in mid-afternoon when the three months price moved quickly lower to test \$1.60. The three months delivery position traded at a low of \$1.592 before ending at \$1.596, down \$26.

was at \$1.550, traders said. Compiled from Reuters. LME WAREHOUSE STOCKS (As at Monday's close) tonnes

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

Table with columns for metal type (Aluminium, Copper, Lead, Tin, Zinc), contract type (Close, Previous, High/Low), and price details.

Precious Metals continued

Table with columns for metal type (Gold, Silver, Platinum, Palladium), contract type (Close, Previous, High/Low), and price details.

GRAINS AND OIL SEEDS

Table with columns for grain type (Wheat, Maize, Soybeans, Barley), contract type (Close, Previous, High/Low), and price details.

SOFTS

Table with columns for soft type (Cocoa, Coffee, Sugar), contract type (Close, Previous, High/Low), and price details.

MEAT AND LIVESTOCK

Table with columns for meat type (Cattle, Pigs, Sheep), contract type (Close, Previous, High/Low), and price details.

LONDON TRADED OPTIONS

Table with columns for option type (Aluminium, Copper, Coffee, Sugar), contract type (Call/Put), and price details.

ENERGY

Table with columns for energy type (Crude Oil, Heating Oil, Gas), contract type (Close, Previous, High/Low), and price details.

NATURAL GAS NYMEX

Table with columns for gas type (NYMEX), contract type (Close, Previous, High/Low), and price details.

POTATOES LCE

Table with columns for potato type (NYMEX), contract type (Close, Previous, High/Low), and price details.

UNLEADED GASOLINE

Table with columns for gasoline type (NYMEX), contract type (Close, Previous, High/Low), and price details.

PRECIOUS METALS

Table with columns for precious metal type (Gold, Silver, Platinum, Palladium), contract type (Close, Previous, High/Low), and price details.

LONDON SPOT MARKETS

Table with columns for spot market type (Crude Oil, Gas, Sugar, Coffee), contract type (Close, Previous, High/Low), and price details.

Dominica's bananas recover

By Canute James

Dominica will resume regular exports of bananas to Britain by early March, following the destruction of farms on the island by a series of hurricanes last summer.

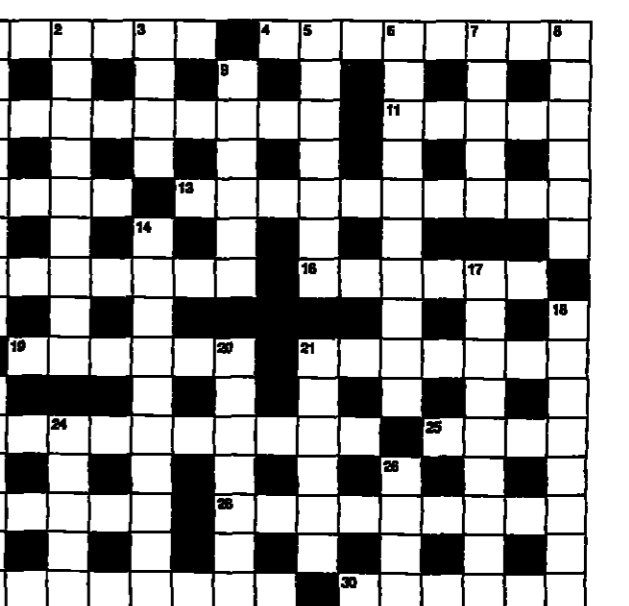
island's exports were reduced to small, infrequent shipments after the storms. That caused Dominica's exports last year to fall by 24 per cent to 33,000 tonnes, and the island's Banana Marketing Company has projected exports this year of between 42,000 tonnes and 52,000 tonnes, "depending on weather conditions during the year".

JOTTER PAD

Table with columns for commodity type (Aluminium, Copper, Lead, Tin, Zinc), contract type (Close, Previous, High/Low), and price details.

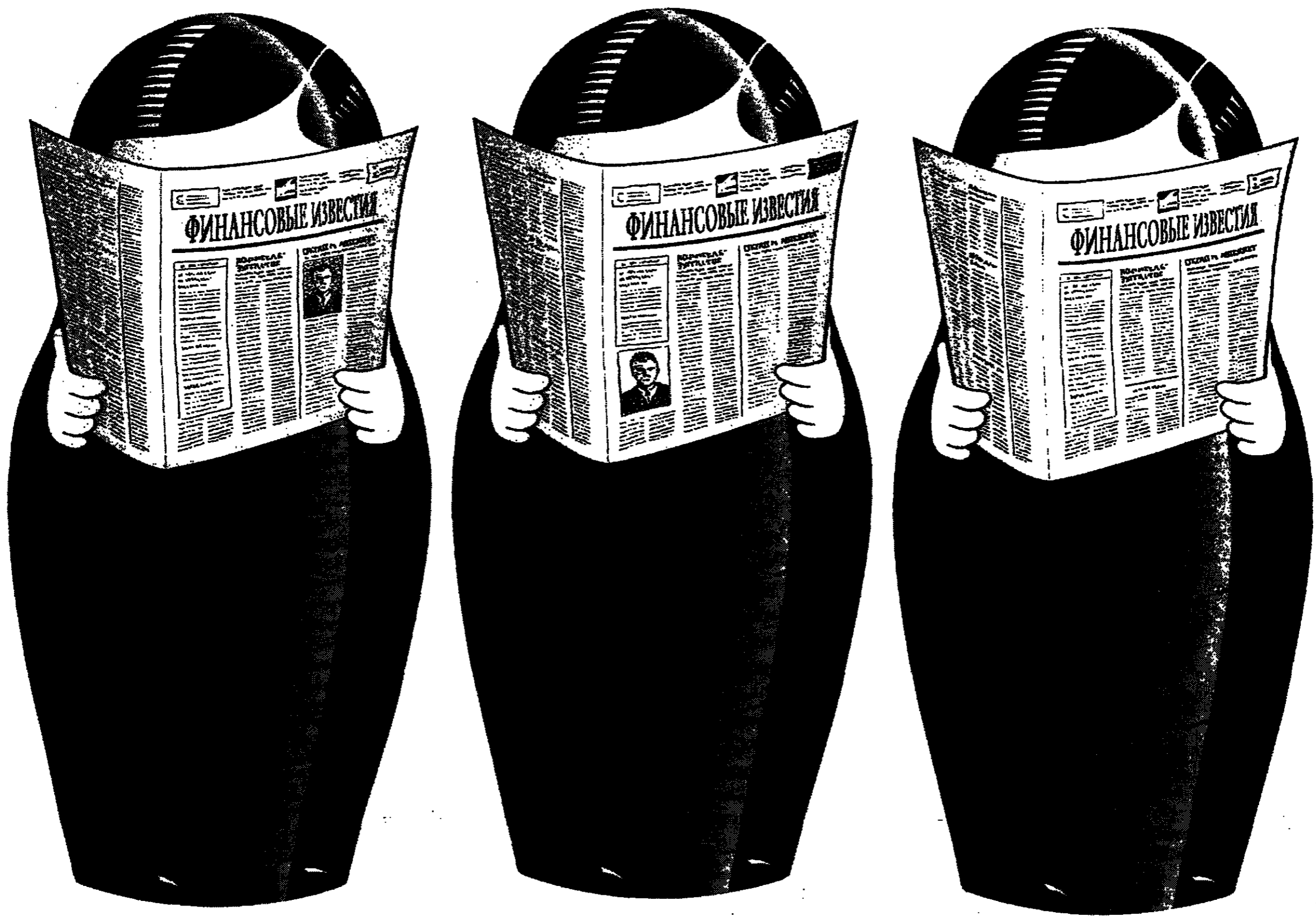
CROSSWORD

No. 8,963 Set by CINEPHILE



- 1 One engaged in our subject (6)
2 Tame for church (5,5)
3 Man is clue, possibly (9)
4 Tool that is identified in plain speech (5)
5 Sea blue? (4)
6 Manage publicity for small cars on public territory (10)
7 Run back at speed to tell the tale (7)
8 Castrate (6)
9 Fly characters take bread and milk, perhaps, with herb (9)
10 Letter that gets cut, the sixth-deer? (7)
11 Deer goes in to endure suffering, without interference (10)
12 Forty winks in small 'ouse is not suitable (5)
13 Knowhow to get 'outward to islands in river (9)
14 Earnest request to dine in the porch? (8)
15 Celebrated Young Conservative returned to the Swan (6)
16 Dash me if I (9)
17 Saves two railroads for a change? The other way round (+5)
18 Social weapon (4)
19 Building in air or in Spain? (7)
20 Relating to small bundles from 'all a circus (10)

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FINANCIAL TIMES
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INTERNATIONAL CAPITAL MARKETS

German bunds lifted by weak economic data

By Richard Lapper and Martin Brice in London and Lisa Bransten in New York

Fresh data provided further evidence of the extent of economic slowdown in Germany, fuelling outperformance by 10-year bunds. In the US Treasuries were initially boosted by soft retail sales data but later fell back on renewed doubts about a budget agreement.

German bunds were helped by news that the number of people out of work in Germany was a whole rose by a higher than expected 89,000 in December, and that West German manufacturing orders fell by 0.7 per cent in November. "The message that came through from all the numbers was basically recession. The

slowdown is accelerating and the bottom line for bunds is extremely positive," said Mr David Lewis, chief European economist at Bear Stearns.

Mr Julian Jessup, international economist at HSBC Markets, noted that the "traditionally pessimistic but well regarded" DJW Institute had revised its 1996 GDP forecast from 2 per cent to 1 per cent.

Analysts argue that the figures increase the prospect of a cut in the discount rate, currently standing at 3 per cent. Mr Andrew Milligan, an economist at New Japan Securities, says "the balance act is now more likely" although he believes it is still unlikely before Easter.

Ten-year bunds outperformed their US counterparts, with the yield spread falling by

5 basis points to 17 points. On Life the March 10-year future reached a high of 110.02, before falling back to settle at 99.89, up 0.28.

The strength of the German market spilled over into the UK in the morning but gilts

GOVERNMENT BONDS

lost ground in the afternoon and underperformed bunds on the day. Rumours that the government may lose the support of another Conservative MP hit investor confidence.

"The markets are on edge and sensitive to any development on the political front," said Mr Don Smith, UK economist at HSBC Markets.

A trader reported some switching out of gilts into a \$400m eurobond issued yesterday by the European Investment Bank. On Life the March long gilt future settled at 110.53, up 3/4. In the cash market the 10-year yield spread over bunds rose from 164 basis points to 166 points.

The French market was also helped by the German economic news, which could increase the prospect of a cut in local short-term interest rates. On Matif the March 10-year futures contract gained 0.34 to settle at 120.86.

A stronger dollar helped European high yielders, while Swedish bonds were given extra impetus through a 25 basis point cut in the repo rate

to 8.66 per cent. Italy, Spain and Sweden all outperformed Germany, with 10-year yield spreads falling respectively from 469 to 460, 359 to 354, and 234 to 226 basis points.

In the US bonds moved higher early in the day after the release of the Mitsubishi Bank Schroder Wertheim index of chain store sales, which fell a seasonally adjusted 2.6 per cent last week from the previous week.

However, Treasuries later retraced most of their gains as negative rhetoric emerged from the White House and Congressional leaders, who are negotiating how to balance the budget by 2002.

Near midday, the benchmark 30-year Treasury bond was down 1/4 at 111 1/4, yielding 6.061

per cent and the two-year note was unchanged at 100 1/4, yielding 6.182 per cent. The slip at the long end caused the yield curve to flatten the spread between two-year and 30-year issues to steepen by 4 basis points to 88 points.

Treasuries began moving higher late last year amid hopes that Republicans in Congress and the Democratic president would agree to a deal to balance the budget. Comments from Washington yesterday dimmed some of those hopes.

A spokesman for President Clinton said there were still big differences between the negotiating parties, and a spokesman for the House Republican leader, Mr Newt Gingrich, said that negotiations could end later yesterday with no agreement.

UBS favourite to run Grupo Sol sale

By Antonia Sherpe

Union Bank of Switzerland has emerged as the front-runner to arrange the flotation of Grupo Sol Meliá, Spain's biggest hotel company and the third-largest hotel chain in Europe.

The company, which is owned by its founder, Mr Gabriel Escarrer, is due to make a final decision at a board meeting on Friday. The rest of the underwriting syndicate is expected to include BZW, Morgan Stanley and SBC Warburg.

Bankers believe that about one-third of the company will be sold in the flotation, which is scheduled for May. The offering is expected to raise between \$250m and \$300m, which would value the whole company at \$800m to \$1bn.

Grupo Sol will be the first hotel chain to be listed on the Madrid stock exchange, giving

investors exposure to Spain's buoyant tourism industry for the first time. Other hotel companies are believed to be considering flotations, such as NH Hoteles, Spain's fifth-largest hotel chain, and the state-owned Paradores de Turismo.

Grupo Sol's flotation coincides with a strong recovery in the world hotel market and is expected to arouse interest among international investors. However, the split between the domestic and international tranches of the offering has not yet been decided.

The company has decided to go public to finance its transition from being a Spanish hotel chain to a fast-growing international concern. Although it is still based on the holiday island of Majorca, where it was founded 40 years ago, it now manages 182 hotels in 22 countries, from Latin America to Asia.

Negotiated sterling issue for EIB receives a warm welcome

By Conner Middelmann

It was another busy day in the eurobond market, with 17 new issues launched and another batch of deals in the pipeline.

In the sterling sector, the European Investment Bank's \$400m issue of 10-year bonds received a warm welcome. "This was the EIB's first euro-sterling issue on a negotiated basis, and it was well oversubscribed," said a syndicate manager for HSBC, which led the deal jointly with BZW.

The bonds were priced to yield 15 basis points over gilts, and while some dealers felt that was too aggressive, others reported strong demand from investors in Asia and Europe, especially UK institutions.

The EIB also issued £500m of five-year bonds which, though tightly priced, compared reasonably with secondary market levels and attracted Italian institutional as well as Swiss and Benelux interest.

The dollar sector saw a \$500m issue of 10-year bonds for the Federal Home Loan Mortgage Corporation. The deal is to be priced tomorrow at a spread of 25 basis points over Treasuries, which some dealers deemed too tight compared with secondary US

INTERNATIONAL BONDS

agency paper trading at 27-28 basis points over Treasuries. Still, the lead managers said international demand for dollar bonds and investor appetite for current-coupon 10-year paper would support the deal.

Toyota Motor Credit Corporation also tapped the dollar sector, with \$300m of retail-targeted two-year bonds yielding flat on Treasuries. While most dealers felt confident the triple-A rated bonds would get placed easily, some said retail investors are shifting their

preference to five-year paper, which offers higher coupons.

After its successful foray into the Swiss franc market on Monday, the Republic of Austria issued DM1.5bn of 10-year bonds, to be priced today at a spread of 18 basis points over bunds. Lead manager Dresdner Bank reported good demand from Europe and Asia, although some dealers said the spread was too tight and would have been more appropriate at around 21 basis points.

After a one-year absence from the eurobond market, the Republic of Finland issued DM750m of seven-year bonds. While the pricing, at 10 basis points over bunds, was ambitious and the yield spread widened to 13 over bunds, lead manager Deutsche Morgan Grenfell said it was "an important deal for Finland, enabling it to establish itself as a credit that can achieve better sub-Libor funding".

The Canadian dollar sector came back to life with two issues, C\$200m of five-year bonds for the Kingdom of Sweden and C\$100m for Société Québécoise D'Assainissement des Eaux.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Fees, Spread, Book runner. Includes entries for US DOLLARS, D-MARKS, YEN, SWISS FRANCES, ITALIAN LIRE, CANADIAN DOLLARS, LUXEMBOURG FRANCES, and FT/ACTUARIES FIXED INTEREST INDICES.

European ratings from S&P improve in 1995

By Conner Middelmann

The improved economic environment was beneficial for European credit ratings in 1995, and moderate growth and inflation should remain positive factors in 1996, said Standard & Poor's, the international rating agency.

"With regard to credit quality, the economic environment should be generally benign in 1996," said Mr George Dallas, managing director of S&P's European operations.

"The key factor driving private sector ratings in Europe will be competitive pressures, while political factors - especially fiscal policy - will be the critical issue for public-sector ratings."

In Europe last year, 37 debt issuers were downgraded and

34 upgraded, compared with 56 downgraded and only nine upgraded in 1994. Worldwide, S&P carried out 531 downgrades and 452 upgrades.

The banking sector saw the highest number of downgrades globally, with 255 ratings lowered and 130 raised. In Europe, 20 banks were downgraded and 16 upgraded.

"The outlook remains challenging and we don't expect many upgrades," said Mr Barry Hancock, S&P's European banking analyst. While improving economic conditions led to a few rating improvements in 1995, bank ratings are likely to come under further pressure in coming years from continuing competition, deregulation and disintermediation on the asset and the liability side, he said.

WORLD BOND PRICES

Table with columns: Country, Maturity, Price, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, US Treasury, and ECU/French Govt.

US INTEREST RATES

Table with columns: Rate, One month, Three month, Six month, One year, Two year, Three year, Five year, Ten year, Thirty year.

BOND FUTURES AND OPTIONS

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes National French Bond Futures, Long Term French Bond Futures, and US Treasury Bond Futures.

UK GILTS PRICES

Table with columns: Name, Yield, Bid, Offer, High, Low. Includes Short-term gilts, Intermediate-term gilts, and Long-term gilts.

BOND FUTURES OPTIONS (IFFE) DM250,000 points of 100%

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes National Italian Govt Bond Futures and Italian Govt Bond Futures.

NOTIONAL ITALIAN GOVT BOND (IFFE) FUTURES

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes National Spanish Bond Futures.

NOTIONAL SPANISH BOND FUTURES (MEFF)

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes National UK Gilt Futures.

NOTIONAL UK GILT FUTURES (IFFE) £50,000 bonds of 100%

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes Long Term Gilt Futures.

LONG TERM GILT FUTURES (IFFE) £50,000 bonds of 100%

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes US Treasury Bond Futures.

US TREASURY BOND FUTURES (CBT) \$100,000 bonds of 100%

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes National Long Term Japanese Govt Bond Futures.

NOTIONAL LONG TERM JAPANESE GOVT BOND FUTURES

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes US Treasury Bond Futures.

US TREASURY BOND FUTURES (CBT) \$100,000 bonds of 100%

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes National Long Term Japanese Govt Bond Futures.

NOTIONAL LONG TERM JAPANESE GOVT BOND FUTURES

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes US Treasury Bond Futures.

OTHER FIXED INTEREST

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes various international bond issues.

FT/ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Price, Change, High, Low, Est. vol, Open int. Includes FT/ACTUARIES FIXED INTEREST INDICES.

FT FIXED INTEREST INDICES

Table with columns: Index, Price, Change, High, Low, Est. vol, Open int. Includes FT FIXED INTEREST INDICES.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes FT/ISMA INTERNATIONAL BOND SERVICE.

GILT EDGED ACTIVITY INDICES

Table with columns: Index, Price, Change, High, Low, Est. vol, Open int. Includes GILT EDGED ACTIVITY INDICES.

CONVERTIBLE BONDS

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes CONVERTIBLE BONDS.

CONVERTIBLE BONDS

Table with columns: Instrument, Price, Change, High, Low, Est. vol, Open int. Includes CONVERTIBLE BONDS.

CURRENCIES AND MONEY

MARKETS REPORT

German data shifts focus to interest rate outlook

By Philip Gawth

Currencies had a fairly quiet day yesterday, with the focus instead on the outlook for German interest rates following the release of various survey and economic data confirming the weak state of the economy.

weaker against the dollar, at DM1.4432, from DM1.4403, in Europe it was fairly stable, closing unchanged against the French franc at FF73.427.

The Swedish krona responded positively to a rate cut, closing at SEK 13.675 from SEK 13.597 after the Riksbank cut the repo rate to 8.66 per cent, from 8.91 per cent.

Trading was again quiet, with liquidity still affected by the adverse weather in New York which kept many traders away from their desks.

Sterling dipped slightly on rumours of a further MP deflection, which would further compromise the government's weak hold on power.

The pound finished at DM2.2304, from DM2.2322. Against the dollar it closed at \$1.5455, from \$1.5499.

The inability of the dollar and the European currencies to make further progress against the D-Mark would appear to be the result of domestic uncertainties in these countries: the unresolved budget situation in the US, and political uncertainty in countries like Italy, Spain and the UK.

Mr Peter Farley, currency analyst at MMS in London, said the D-Mark had had a softer tone to it, but that there had not been any aggressive appetite to sell the currency.

He said that the likelihood of Germany cutting interest rates in the first quarter had improved.

Previously many observers had not expected any further movement in official rates until the second quarter, when the Bundesbank would have had time to assess the impact of the previous easing of pol-

icy. The discount rate was cut to three per cent in mid-December.

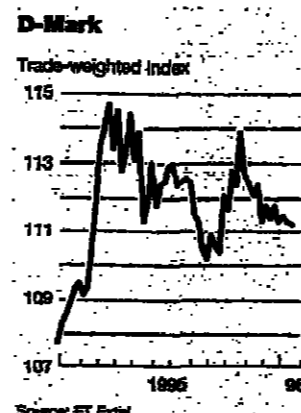
Mr David Abramson, currency analyst at the BCA Research Group in Montreal, said he was surprised the D-Mark was not weaker. He reminded that the Bundesbank had sold D-Marks last August around DM1.46 when helping support the dollar. At the time

he said, the Bundesbank had probably felt German inflation pressures were low, the currency was overvalued, and it would not have wanted a revaluation against the yen which had fallen dramatically from its high in March.

He said the monetary policy settings in Germany, and elsewhere in Europe, were too tight. But he worried that European authorities might be tardy in taking the necessary response. Mr Abramson said that back in 1993 the authorities had waited until they had a real crisis on their hands before acting.

If so, the implications for the dollar are that it may need to fall against European currencies before moving upward.

The South African rand has performed well this year, buoyed by foreign inflows into the bond and equity markets which have rallied strongly. Increasing belief that the Reserve Bank is getting the



Source: FT ECD

upper hand over inflation has driven long bond yields below 14 per cent, with the stock market rallying on the expectation of lower interest rates and a buoyant gold price.

The rand closed at R3.627 against the dollar, from R3.642 on January 2. A year ago, the financial rand, used by foreign investors and subsequently scrapped, was trading at R4.05.

Mr Chris Stals, the Reserve Bank governor, had good news to offer the market when he predicted that the country would enjoy capital inflows this year of around R20bn, more than 50 per cent above the 1995 figure, and well above the current account deficit which he expects to be around R12.15bn in 1996.

Banking was trading at R4.05.

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WORLD INTEREST RATES

Table showing Money Rates for various countries including Belgium, France, Germany, Italy, Japan, etc. Columns include Over night, One month, Three months, Six months, One year, and Lend. Inter. and Repo rate.

Table showing LIBOR FT London rates for various currencies like Interbank Franc, US Dollar CDs, etc.

Table showing Euro Currency Interest Rates for various currencies like Belgian Franc, Danish Krone, etc.

Table showing Dollar Spot Forward Against the Dollar for various countries like Austria, Belgium, Denmark, etc.

Table showing Pound Spot Forward Against the Pound for various countries like Austria, Belgium, Denmark, etc.

Table showing Cross Rates and Derivatives for various currencies like Belgium, Denmark, France, Germany, etc.

Table showing D-Mark Futures (DM 125,000 per DM) with columns for Open, Latest, Change, High, Low, Est. vol, Open Int.

Table showing Japanese Yen Futures (¥125 per ¥100) with columns for Open, Latest, Change, High, Low, Est. vol, Open Int.

Table showing Sterling Futures (£1M £25,000 per £) with columns for Open, Latest, Change, High, Low, Est. vol, Open Int.

Table showing Swiss Franc Futures (CHF 125,000 per CHF) with columns for Open, Latest, Change, High, Low, Est. vol, Open Int.

Table showing UK Interest Rates for London Money Rates and UK clearing bank base lending rate.

Table showing EMS European Currency Unit Rates for various countries like Spain, Netherlands, Belgium, etc.

Table showing Philadelphia Sex 6/8 Futures (\$1,250 points per \$100) with columns for Price, Jan, Feb, Mar, etc.

Table showing Three Month Eurodollar (MM) \$1m points of 100% with columns for Mer, Jan, Feb, Mar, etc.

Table showing Three Month Eurodollar (MM) \$1m points of 100% with columns for Mer, Jan, Feb, Mar, etc.

Table showing Three Month Eurodollar (MM) \$1m points of 100% with columns for Mer, Jan, Feb, Mar, etc.

Table showing Base Lending Rates for various banks like Adm & Company, Dunlop Leasing, etc.

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Advertisement for FT Guide to World Currencies, featuring a line graph and text about currency analysis and market data.

Series of financial advertisements including Knight-Ridder's Futures Market DataKit, Signal, Offshore Companies, Argus Fundamentals, Futures Pager, City Index, Franchising, FT Surveys, and Lind-Waldock & Company.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Guinness, Healy, and their respective share prices.

BANKS, MERCHANT

Table listing banks and merchant companies such as City of London, Commercial Union, and their share prices.

BANKS, RETAIL

Table listing retail banks like City of London, Commercial Union, and their share prices.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants such as Healy, Guinness, and their share prices.

BUILDING & CONSTRUCTION

Table listing companies in the building and construction sector, including names like Bovis, and their share prices.

BUILDING MATS. & MERCHANTS

Table listing building materials and merchant companies such as Bovis, and their share prices.

BUILDING MATS. & MERCHANTS - Cont.

Continuation of the Building Materials & Merchants table.

CHEMICALS

Table listing chemical companies like ICI, and their share prices.

DISTRIBUTORS

Table listing distributor companies such as ICI, and their share prices.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies like ICI, and their share prices.

ELECTRICITY

Table listing electricity companies such as British Electricity, and their share prices.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of the Electronic & Electrical Equipment table.

ENGINEERING

Table listing engineering companies like BHP, and their share prices.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies such as BHP, and their share prices.

ELECTRONIC & ELECTRICAL EQPT

Table listing electronic and electrical equipment companies like BHP, and their share prices.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries table.

ENGINEERING

Table listing engineering companies like BHP, and their share prices.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies such as BHP, and their share prices.

ELECTRONIC & ELECTRICAL EQPT

Table listing electronic and electrical equipment companies like BHP, and their share prices.

HOUSEHOLD GOODS - Cont.

Continuation of the Household Goods table.

INSURANCE

Table listing insurance companies like London & Lancashire, and their share prices.

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INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts table.

INVESTMENT TRUSTS

Table listing investment trusts such as British American, and their share prices.

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Table listing investment trusts such as British American, and their share prices.

INV TRUSTS SPLIT CAPITAL

Table listing investment trusts with split capital structures.

LONDON SHARE SERVICE

NEW TRUSTS SPLIT CAPITAL - Cont.

Table listing various trusts and their financial details, including names like 'The British Trust for Ornithology' and 'The British Trust for World Heritage Sites'.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies such as 'The Rank Group' and 'The Travel Companies'.

OTHER FINANCIAL - Cont.

Table listing other financial services and companies.

PROPERTY - Cont.

Table listing property-related companies and their details.

SUPPORT SERVICES - Cont.

Table listing support services and related companies.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM).

OTHER INVESTMENT TRUSTS

Table listing other investment trusts.

LIFE ASSURANCE

Table listing life assurance companies.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies.

RETAILERS, FOOD

Table listing food retailers.

TELECOMMUNICATIONS

Table listing telecommunications companies.

AMERICANS

Table listing American companies.

INVESTMENT COMPANIES

Table listing investment companies.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

RETAILERS, GENERAL

Table listing general retailers.

TEXTILES & APPAREL

Table listing textiles and apparel companies.

CANADIANS

Table listing Canadian companies.

LEISURE & HOTELS

Table listing leisure and hotel companies.

OTHER FINANCIAL

Table listing other financial services.

PROPERTY

Table listing property companies.

SUPPORT SERVICES

Table listing support services.

WATER

Table listing water-related companies.

AIM

Table listing AIM companies.

Advertisement for MAPPIN & WEBB Champagne, featuring a watch image and the text 'Champagne-proof to 330 feet.' and 'ROLEX of Great Britain'.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service... Symbols relating to dividend status... Market capitalization shown in calculated percentage for each line of stock.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with... Reports will be sent the next working day, subject to availability.

FT Company Focus

Comprehensive 10-14 page report available on this company, containing key FT stories from the last year, latest survey of City profit forecasts and investment recommendations.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

BERMUDA (REGULATED)**

Table listing regulated Bermuda funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

GUERNSEY (REGULATED)**

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IRELAND (SIB RECOGNISED)

Table listing Ireland funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

ISLE OF MAN (REGULATED)**

Table listing regulated Isle of Man funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

JERSEY (SIB RECOGNISED)

Table listing Jersey funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

JERSEY (REGULATED)**

Table listing regulated Jersey funds including Royal Bank of Canada O/S Fd Mgrs Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

LUXEMBOURG (SIB RECOGNISED)

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صندوق من الاصل

FT MANAGED FUNDS SERVICE

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Main table containing fund names, prices, and performance data. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES
Please see the notes on the inside cover of this issue for more details on the services provided by FT Cityline.

LONDON STOCK EXCHANGE

MARKET REPORT

Political fears see Footsie fall after new record

By Steve Thompson, UK Stock Market Editor

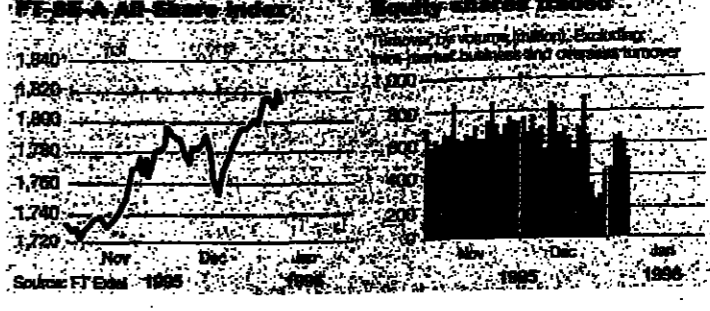
Turnover in London's equity market accelerated appreciably yesterday, as investors initially reacted positively to the increased bid for Forte and then negatively to the re-emergence of political worries surrounding the Conservative government.

advising its clients to reduce their exposure to UK equities in favour of German stocks which, Morgan Stanley said, offered increased earnings growth potential.

Second liners were equally pressured on the downside, with the FT-SE Mid 250 settling a net 9.2 down at 4,070.9.

House of Fraser was one of the casualties of the day, shocking the market with a profits warning that triggered widespread profit downgrades.

British Aerospace celebrated the forthcoming float of the Orange cellular phones group, in which it has a 31 per cent stake, with the shares surging to a record high.



Indices and ratios table with columns for FT-SE 100, FT-SE Mid 250, FT-SE All-Share, and various ratios like P/E and Dividend Yield.

Tunnel worries hit banks

Banking stocks, already under pressure from new year profit-taking, were hit by bad debt concerns. Worries came in front of a Eurotunnel press trip, scheduled for this morning.

business of rival Loral, to create a defence giant with turnover of \$30bn. One trader said: "There is no alternative, such a deal must be on the cards if BAE is to compete effectively with US companies."

engines for Malaysian Airline System. The shares finished unchanged at 15p. Market sentiment yesterday appeared to be shifting in Granada Group's favour after it raised its hostile bid for Forte to around \$3.74bn.

as a more focused UK leisure company. There was heavy dealing in both Granada and Forte throughout the session. As sentiment turned in Granada's favour, shares in the group recovered from an earlier fall of 24 to end just off at 637p.

was Whitbread, where the shares tumbled 17 to 651p after trade of 4m. As part of its defence, Forte had agreed to sell its roadside restaurant business in a £105m deal, though the deal was conditional on Forte escaping the clutches of Granada.

FUTURES AND OPTIONS table with columns for FT-SE 100 INDEX FUTURES, FT-SE 100 INDEX OPTION, and EURO STYLE FT-SE 100 INDEX OPTION.

MARKET REPORTERS table listing names like Peter John, Keith Kibazo, and their respective firms.

LONDON STOCK MARKET: EQUITIES table with columns for price, change, and volume.

FT-100 ACTUARIES SHARE INDICES table with columns for company name, price, and change.

FT-100 ACTUARIES ALL-SHARE table with columns for company name, price, and change.

FT-100 ACTUARIES 350 INDUSTRY BASKETS table with columns for sector name, price, and change.

FT-100 ACTUARIES 350 INDUSTRY BASKETS (continued) table with columns for sector name, price, and change.

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FT-100 ACTUARIES 350 INDUSTRY BASKETS (continued) table with columns for sector name, price, and change.

BoS improves

Bank of Scotland avoided the weak start in the sector as optimism over the imminent float of its Australian arm combined with merger speculation.

entirely on the cards. Mr Martin Hughes of Credit Lyonnais said he believed that now Standard has lost its Halifax Building Society link, it needs to acquire a pure banking business, and as it already owns a third of Bank of Scotland the two would be a good fit.

TELECOMS leader BT was squeezed 9% higher to 367p. Lower down the league, cable group Nynex Cablecom was squeezed 10% for most of the day as some bottom-fishing was seen following a slide from 147p in September.

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BaE advances

Speculation that a bid or merger was on the cards for British Aerospace drove the group's stock sharply forward to make it the best performer in the Footsie.

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OFFER ON BEHALF OF GRANADA GROUP PLC FOR THE OUTSTANDING 6% PER CENT SUBORDINATED CONVERTIBLE BONDS DUE 2008 OF FORTÉ PLC

Laund Brothers & Co., Limited ("Laund Brothers") announces on behalf of Granada Group PLC ("Granada") that, by means of a formal offer document dated 9th January, 1996 the "Offer Document" and by an advertisement in the "Evening Standard" on 9th January, 1996, Laund Brothers has made an offer to the "Convertible Offer" on behalf of Granada for all of the Forté Convertible Bonds...

OFFER ON BEHALF OF GRANADA GROUP PLC ("Granada") FOR THE OUTSTANDING 6% PER CENT SUBORDINATED CONVERTIBLE BONDS DUE 2008 OF FORTÉ PLC ("Bonds")

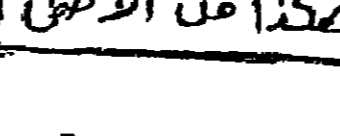
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NOTICE TO HOLDERS OF BONDS IN BEARER FORM

The Directors of Granada accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief, having taken all reasonable care to ensure that such information is accurate and in accordance with the facts and does not contain anything likely to affect the market for the Bonds.

TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE.

Typical hardwood trees are more valuable to loggers than other trees in the forest. High prices for hardwoods ensure that loggers have an option about destroying other trees that stand in their way.



TRADING VOLUME

Major Stocks Yesterday table with columns for stock name, volume, and change.

Major Stocks Yesterday (continued) table with columns for stock name, volume, and change.

Major Stocks Yesterday (continued) table with columns for stock name, volume, and change.

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Major Stocks Yesterday (continued) table with columns for stock name, volume, and change.

Major Stocks Yesterday (continued) table with columns for stock name, volume, and change.

Based on trading volumes for a selection of major securities listed through the SEAI system, published daily at 4.30pm. Figures are FT-SE 100 index constituents. All values are rounded.

WORLD STOCK MARKETS

EUROPE

Table of stock market data for Europe, including indices and individual stock prices for various countries like Germany, France, and the UK.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Italy, Spain, and Greece.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Sweden, Norway, and Denmark.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Finland, Portugal, and Switzerland.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Belgium, Netherlands, and Luxembourg.

Advertisement for Rockwell International, featuring the headline 'When Rockwell isn't powering the Shuttle into space it's delivering just-in-time sunroofs in 136 minutes' and the Rockwell logo.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Austria, Czech Republic, and Denmark.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Poland, Czech Republic, and Slovakia.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Hungary, Slovenia, and Croatia.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Greece, Turkey, and Israel.

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Table of stock market data for Europe, including indices and individual stock prices for various countries like Switzerland, Austria, and the Netherlands.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Belgium, Luxembourg, and Denmark.

Table of stock market data for Europe, including indices and individual stock prices for various countries like Finland, Portugal, and Spain.

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Advertisement for Rockwell International, featuring the headline 'When Rockwell isn't powering the Shuttle into space it's delivering just-in-time sunroofs in 136 minutes' and the Rockwell logo.

Table of US stock market indices, including the Dow Jones Industrial Average, S&P 500, and various sector indices.

Table of stock market data for Asia, including indices and individual stock prices for various countries like Japan, Korea, and Taiwan.

Table of stock market data for Asia, including indices and individual stock prices for various countries like Hong Kong, Singapore, and Malaysia.

Footnote and disclaimer text at the bottom of the page, including information about the FT 1000 Annual Reports Service and other financial data sources.

4 pm close January 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like 'High', 'Low', 'Open', 'Close', and 'Change'. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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Continued on next page

NYSE COMPOSITE PRICES

NASDAQ NATIONAL MARKET

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

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AMERICA

Slides in tech stocks, bond market hit Dow

Wall Street

A fall in the technology sector and declines on the bond market led to widespread losses on US equity markets in early trading yesterday, writes Lisa Branstetter in New York. At 1pm the Dow Jones Industrial Average was off 40.10 at 5,157.58 and the Standard & Poor's 500 was 6.80 lower at 611.66. The American Stock Exchange composite fell 2.49 to 542.82. Volume on the NYSE came to 233m shares. Bonds slid in late morning trading as negative signals began to emerge from the negotiations in Washington over how to balance the federal budget. By early afternoon the benchmark 30-year Treasury was off 1/8 at 111, yielding 6.065 per cent. Meanwhile, reports that a prominent analyst at SoundView Financial Group had downgraded several silicon dioxide companies, including Applied Materials and National Semiconductor, to "sell" hit the technology sector. There was no immediate confirmation that Mr Richard Whittington had lowered his ratings, but shares in Applied Materials and National Semiconductor fell 3/4 or 9 per cent

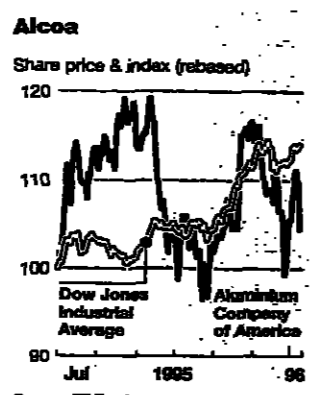
Mexico City loses early gains

Mexico opened higher before settling back, and dealers said the market was expected to drift ahead of the December inflation data. The IPC index was off 23.81 at 2,978.49 by midsession. Dealers said continuing strength in the peso could allow further cuts in interest rates. Technical analysts said the index was still targeting the 3,100 level in the short run. SAO PAULO had lost 2 per cent by early afternoon and brokers said the market was

S Africa higher after mixed trading

Shares ended an active day with mixed performances as gold issues were dampened by a weaker bullion price and industrials saw some late profit-taking. Golds were steady in the morning because investors were confident that the bul-

to 83 1/2 and 83 1/2 or 17 per cent to 81 1/2 respectively. The Nasdaq Composite, which has a weighting of about 40 per cent in technology companies, slid 24.24 to 1,008.13, bringing the index's decline for the year to more than 4 per cent. The Pacific Stock Exchange technology index



retreated 3 per cent. Elsewhere in the sector, Microsoft, the largest company on the Nasdaq, was off 1/4 at 82 1/2. Intel shed 1/4 at 56 1/2. Dell Computers was 3/4 lower at 81 1/2 and Adobe Systems lost 3/4 at 338 1/2. On the Dow, Aluminum Company of America lost

EUROPE

Frankfurt peaks after broker's upgrade

Morgan Stanley upgraded Germany yesterday, and cut both UK and Swiss equities to underweight. Hoisting Germany to 16 per cent of a model European equity portfolio against a benchmark of 13.9 per cent, Mr Markus Rosen, a Morgan Stanley analyst, said the dollar could rise to DM1.70 by the end of this year, indicating a 1996 average of between DM1.50 and DM1.60 against the recent DM1.44 to DM1.45. Mr Rosen added that this would be good for German export prices and margins, and for the cyclical stocks which dominated the German corporate economy. FRANKFURT responded, the Ibis-indicated index ending 14.71 higher at an all-time peak of 2,321.47, and turnover soaring from DM6.4bn to DM10.3bn. Cyclical and dollar stocks took pride of place, Continental, the tyre maker, adding 80 pips or 3.85 per cent at DM21.60, SAP prefs DM4.90 at DM22.10 and the big three chemicals all rising by more than a percentage point. Mr Rosen also expected further cuts in key German interest rates, especially after yesterday's rise in German unemployment figures, but this was clearly not the story of the day; most financials

underperformed. ZURICH finished above the day's lows as the market continued to encounter foreign profit-taking after its recent upward run. The SMI index finished 6.6 lower at 3,361.5. Sandoz, a sharp outperformer over the last year, gave up SF7.24 to SF1.054. Mr Mark Tracey at Goldman Sachs downgraded the stock to market performer, based on valuation and performance grounds, and also against the expected background of slightly more cautious investor sentiment towards the sector as a whole. UBS picked up another SF1.4 to SF1.315 with Mr Martin Ebner's BZ bank reported to be switching out of SBC, down SF7.5 to SF7.67, to accumulate votes in UBS ahead of this year's agm. Analysts also noted that BZ had issued an aggressively priced warrant on the UBS stock yesterday. Among firm cyclical, BBC was up SF2.20 to SF1.381 and Sulzer rose SF2.2 to SF7.34. AMSTERDAM settled back as some profits were booked. The AEX index eased 2.73 to 500.89, after striking a new all-time high of 505.73 earlier in the session. However, most dealers reckoned that the decline was only temporary as the fundamental picture remained unchanged.

FT-SE Actuaries Share Indices

Table with columns for Hourly changes, Open, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE Actuaries 100, FT-SE Actuaries 200, and FT-SE Actuaries 300.

THE EUROPEAN SERIES

Table with columns for Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2. Rows include FT-SE Actuaries 100, FT-SE Actuaries 200, and FT-SE Actuaries 300.

York stock market hours last night, moved Ericsson and Nokia in different directions. Ericsson rose SKR1 to SKR125.50 in STOCKHOLM, but profit-taking sent Astra, the drugs company, SKR5 down to SKR27.7 and forestries dropped 2.6 per cent as the Affarsvarlden General index closed 9.6 lower at 1,743.0. In BELSINKI, Nokia A were described as Queens as they fell FM2.80 to FM153.30, helping the HX index lose 7.23 at 1,686.19. BUDAPEST finally broke a seven session rising trend as profits were taken in blue chips. The BUX index lost 33.38 to 1,745.71 as turnover fell to FFr42.4m. WARSAW, however, was in no mood to take profits, which some brokers had been forecasting, and put in its sixth successive rise. The Wig index leapt 32.71 or 3.9 per cent to 8,811.5 as turnover rose by 32 per cent to 137m zlotys. PRAGUE also continued in optimistic mood, extending its rally into a third session. The PX50 index jumped 12.4 or 2.8 per cent to 450.3. However, volume drifted back to 882.413 shares in turnover of Kcs929m. Written and edited by William Cochrane, Michael Morgan and John Pitt

ASIA PACIFIC

Nikkei edges ahead as Seoul advances 1.8%

Technical buying at the end of trading erased earlier losses on domestic institutional profit-taking, and the Nikkei average closed moderately higher, writes Emiko Terazono in Tokyo. The 225 index closed 88.50 up at 20,852.08 after moving between 20,454.16 and 20,852.58. Foreign investors remained buyers but the number of orders declined. Meanwhile, commercial banks and life insurance companies took profit, but a rally in the futures market prompted arbitrage buying just before the close. Volume totalled 550m shares, against 521m. Individuals and brokerage dealers focused on speculative stocks as the Topix first section index rose 1.41 to 1,822.83, the capital weighted Nikkei 300 slipped 0.61 to 304.75. Advances outnumbered declines by 674 to 412, with 131 issues unchanged. In London the ISE/Nikkei 50 index eased 0.61 to 1,436.94. Traders said selling by institutions, especially banks looking to write off their bad loans this fiscal year, was likely to increase above the 20,500 level. According to Nomura Research Institute, unrealised profits on stock holdings at the 21 leading banks totalled about Y19,000bn at the beginning of 1995, some Y7,000bn higher than that of September 31 last year. Railway and bus stocks posted the largest sector gain, led by Keisei Electric Railway, which rose Y55 to Y993 and was the most active issue of the day; Oriental Land, its subsidiary which runs Tokyo Disneyland, plans to go public. A rise in crude oil prices lifted oil refiners. Showa Shell Sekiyu gained Y19 to Y908. Mitsubishi Oil Y15 to Y940. Among speculative stocks, Hanwa, the steel trader, rose Y24 to Y449 and Toho Zinc by Y33 to Y948. High-technology stocks were mixed. Matsushita Electric Industrial gained Y20 to Y1,760 on reports of its acquisition of a US manufacturer of flat dis-

play panels; Mitsubishi Electric, which upgraded a profits forecast, rose Y10 to Y765. In Osaka, the OSE average rose 70.37 to 22,133.52 in volume of 116m shares. Roundup President Kim Young-sam's new year address helped to clear up some of the current political uncertainty in SEOUL, and equities jumped 1.8 per cent as expectation of government measures to boost the market added to the upbeat mood. The composite index rose 15.18 to 881.99. Brokers noted that an accident at a Rhone-Poulenc factory in France on December 27 prompted expectations of higher sales by Korean chemicals companies. Oriental Chemical rose Won1,300 to Won3,500 and Korea Fine Chemical by Won1,100 to Won19,000. TAIPEI remained uncertain about market implications of the proposed reintroduction of capital gains tax. Parliament decided yesterday to postpone a review of capital gains tax until Friday, and the weighted index eased 22.87 to 4,911.99. HONG KONG finished weaker but off lows in diminished volume, with a number of rumours of impending cash calls making for hesitant trade. The Hang Seng index was off 39.47 to 10,427.20, after a day's low of 10,396.54, in turnover that slid to HK\$5bn. HKPEK jumped 17.5 cents to HK\$4.535 as the company

refused to confirm speculation that it planned a rights issue in which shareholders could subscribe for one share in its Consolidated Electric Power Asia, at a price of HK\$10 to HK\$12 for every 10 Hopewell shares held. CEPA lost 95 cents to HK\$13.90. KUALA LUMPUR edged lower as institutions continued to lock in profits from blue chip shares and speculative issues remained at the centre of attention. The composite index ended 3.79 lower at 1,050.75 in volume that picked up to 570.6m shares. MCB Holdings topped the actives with 31.1m shares traded, gaining 10 cents at M\$3.16 on takeover rumours. SINGAPORE similarly saw institutional profit-taking after

the 10 per cent rise of the last two weeks, and the Straits Times Industrial index ended 12.27 lower at 2,373.60. SYDNEY was another casualty of profit-taking in a session lacking much in the way of significant corporate developments. The All Ordinaries index slipped 12.1 to 2,262.6. MANILA was worried by fears of a rise in the inflation rate owing to rumours that there would be an increase in petrol prices. The composite index shed 13.88 or 0.5 per cent to 2,681.76 in moderate volume of 1.6bn shares worth 1.7bn pesos. COLOMBO saw its highest turnover for several months on trading in blue chips. The all-share index rose 2.1 to 623.3 in turnover of SLRs135.4m.

FT/S&P ACTUARIES WORLD INDICES QUARTERLY VALUATION

Table showing market capitalization and regional market data for FT/S&P Actuaries World Indices as at December 29, 1995. Columns include Market cap, % of World, and % change in \$ index.

FT/S&P ACTUARIES WORLD INDICES

Table showing FT/S&P Actuaries World Indices for Monday January 8 1996 and Friday January 5 1996. Columns include US Dollar, Day's Change, and DOLLAR INDEX.

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